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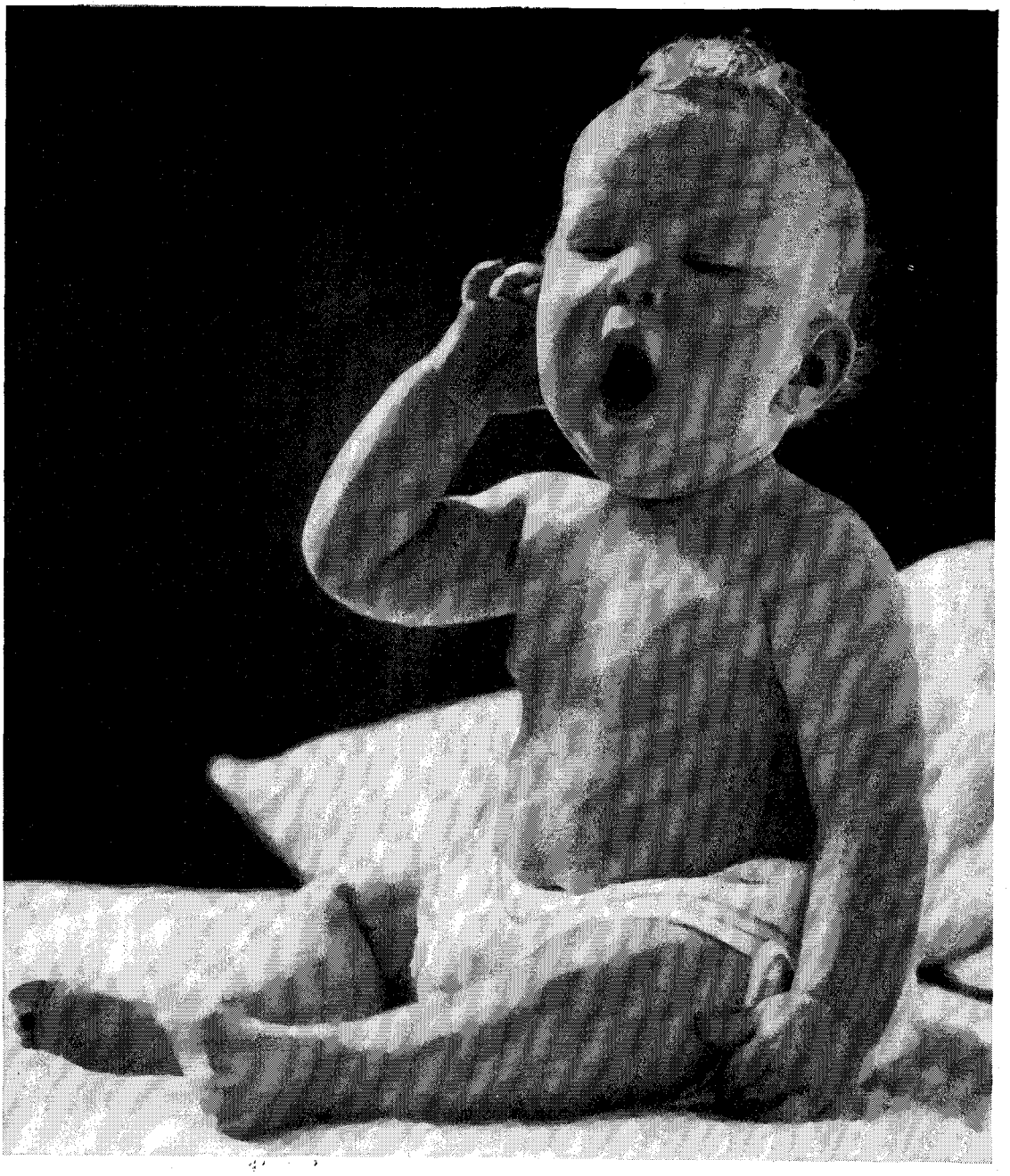

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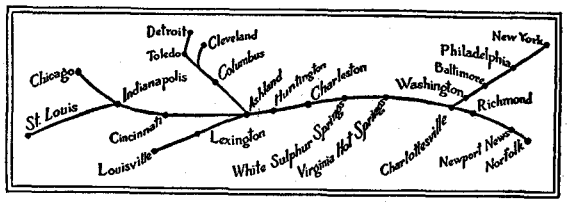

CHESAPEAKE and OHIO

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"The Dilemma of the Church"

PAUL HUTCHINSON, Editor of "The Christian Century," sees a decided and ominous change in the position the Church occupies in a world of modern thought and ideals

Is modernism shaping a new course for the Church? What will be the outcome of the growing religious conflict with the Soldier, the Industrialist and the Scientist, who represent an opposing modern world? The dilemma of an institution that is so far-flung in its work and so vital to human life and hope has long been recognized and looked upon with much wonder and fear in all nations. Paul Hutchinson has gathered together an exhaustive amount of information on this subject. He knows the Church and its problems. His article in The Sunday Review will present a clear outline of the whole situation and the probable effect on Christianity in the future.

"Mr. Guggenheim and I became a legend in Yugoslavia"
By LOUIS ADAMIC

"On the Left of the Revolution"
By BURKE VAN ALLEN

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Occupations—Today and Tomorrow

By Berta Crone

IT IS FOUR YEARS since the economic foundations of the United States began to crumble, undermining the occupational activities of many thousands of persons trained professionally and semi-professionally—the so-called "brain worker." During this period a great deal has been said and done, is still being said and done, about idle capital, idle machinery, vacant buildings, the farm crops, and the masses of skilled and unskilled workers. Both government and private agencies have started all kinds of experiments for the restoration of their activities and earning power. But relatively little attention, if any, has been given by these agencies to the economic situation of the brain worker. As one of my friends remarked recently, "he is the real forgotten man." Yet business men and bankers refer to him as the "backbone of the American people" and "the respectable class." They seem to regard teachers, engineers, architects, chemists, doctors, dentists, lawyers, clergymen, and members of the other professions as the most dependable and useful members of their community.

Considering the millions of dollars which have been invested in producing the professional working class, its members ought, economically speaking, to be important. Judging from the attention their present economic predicament receives compared to, let us say, that of the unskilled and skilled workers or of idle machinery, its importance seems to be insignificant. Neither the investment they represent nor the service they perform in their communities seem to rank in importance with idle capital, idle crops, idle machinery, idle laborers, irate farmers, irate veterans or irate business men.

When this buying power is normal, the professional worker is a good spender. He likes to live pleasantly, and he buys good clothes, good furniture, comfortable houses, pleasant apartments, a car, steamship, airplane, and railroad travel, good food, tickets to concerts, the theater, the dance, and books and pictures. He sends his children to good schools. He helps to maintain museums, libraries, schools, and churches. His ideas, training, and handiwork give meaning to life everywhere. And as we said before, millions of dollars have been spent by his parents and himself in training him for specialized work and how to live. It is interesting therefore to inquire as to how he is managing today.

Mr. W. H. Matthews, Director of the Emergency Work Bureau of New York City, can give us a few startling facts about how some of these professional workers are having to live. "What professional occupations are represented among those who have applied to the Emergency Work Bureau for work during the past year?" we asked Mr. Matthews. "Every professional occupation except the Presidency of the United States," he replied. The Bureau's occupational classification lists of men and women applicants prove the truth of Mr. Matthew's statement. Among them, for instance, is an ex-college president, several college professors, hundreds of engineers, architects, newspaper reporters and executives, and a considerable number of authors, editors, musicians, artists, teachers, personnel managers, social workers, clergymen, doctors, dentists, and so on *ad infinitum*. Contrary to the opinion of people who still enjoy security and good incomes, many of these men and women, some of whom were once in important positions in business organizations, were considered to be "successful." Whether they can ever again be classed among the "fit" after the experience of the last few years is another question. The pride of the professional worker often proves stranger than his intelligence. No applicant for work through the Emergency Work Bureau was eligible "if the income in the family from any source was equivalent to the amount the Bureau job would supply." The Bureau jobs paid at the rate of $65 per month.

Thousands of professional workers were compelled to apply to this one Bureau alone in a city where work for this class of workers is ordinarily plentiful. How are the others living who have not applied to charity for work? "On reserve," is what many tell you. A large number have exhausted their savings, borrowed the full allowance of their insurance, exhausted their

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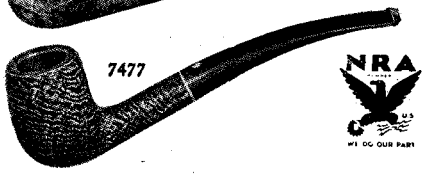

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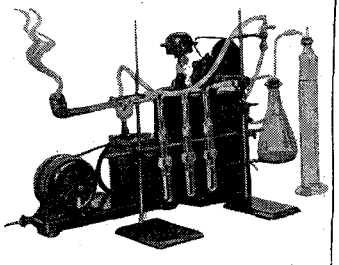

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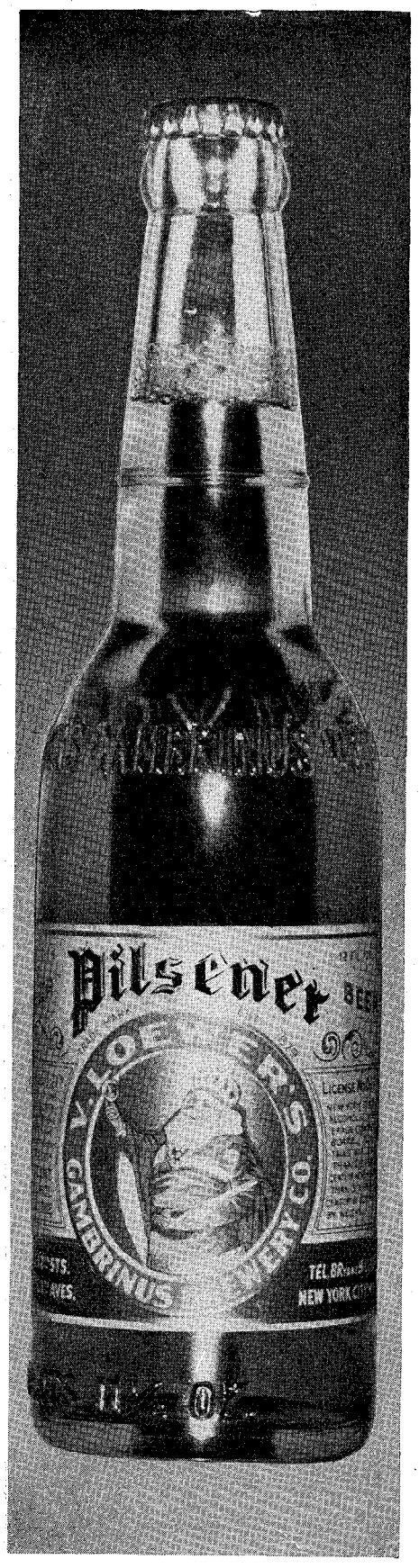
credit facilities, pawned all the pawnable possessions they have, and many sadly confess that they are "down to their last relative."

In any crisis some persons are always more resourceful than others. Some professional workers find it difficult or impossible either to do other kinds of work than that for which they were especially trained or to think of other kinds of work they might do. And there are persons who never cared especially for the particular work they have had to do even though they were trained for it. These persons welcome an excuse to try something else which they may always have wanted to do. Then there are those who are naturally versatile. These latter are, as a rule, naturally bright, and often find sheer enjoyment in the process of doing no matter what. And there are people who do not actually like work, the profession they happen to be in, or anything else; they work because they have to. The more adaptable and the mentally active often create their own opportunities. We heard recently of a young man connected with a travel service whose sales have been pretty low, so he secured a short speaking part in a current play. Appearing for a few minutes every evening, except Sunday, and on two afternoons a week does not interfere with efforts to secure travel business. In fact, it enlarges his opportunity for getting customers.

Losing one's job with a big corporation is no excuse for being out of work, is the refreshing view of Mr. D. H. Killeffer, manager of the Bureau of Employment of the Chemists Club in New York City. The Chemists Club is an old and well-known institution having a distinguished and an international membership. It organized its first Committee on Employment in 1899. In normal times, Mr. Killeffer reminded us, there is always a certain amount of unemployment among chemists, the difference between unemployment formerly and unemployment now is its duration. When a chemist lost or resigned from a job in 1928, he was almost certain of finding another within a few weeks. Since 1929 if he has lost one or resigned from one he may have had to wait months before he found another, or he may still be trying to secure one. Actual unemployment among chemists, Mr. Killeffer asserts, is from 2 to 5 per cent more than it was in so-called normal times. Some of those who have not considered themselves as "unemployed" simply be-



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cause they have lost jobs have improved their occupational and material situation since losing the job. One man, for instance, set up a laboratory in his own home, and through his work there has made discoveries, patented them, and sold the fruits of his ideas, making a much larger sum than he would have received in several years' salary from his former employer. Another chemist invented a new occupation for himself. Having been interested in one of the arts he has, since losing his job, devoted more time to that art, and has found his knowledge of chemistry a substantial help in developing it. Recently he won honors for his achievements, and now he is selling his skill and knowledge.

An expert on professional opportunities in the retail field, Mr. Thorndike Deland, reports that the demand for men and women for executive positions in department stores, specialty shops, and chain stores is normal, using 1929 and before as a criterion. His organization is retained by store organizations throughout the United States to find executive personnel and apprentices for them. He has had a normal demand this autumn and winter for merchandise managers, divisional merchandise managers, buyers, advertising and promotional executives, copywriters, personnel managers, fashion coördinators, and apprentices. Salaries, although they have increased about 10 per cent, are still from 30 to 40 per cent below those paid in 1929. Mr. Deland finds that retail store executives still prefer young people but the emphasis today is on ability and suitability for the job and the field rather than upon the age. Age is not a serious professional handicap in the retail field to persons under fifty, Mr. Deland finds. Perhaps department store executives have been reading Mr. Pitkin's book "Life Begins at Forty."

The Recovery Program has increased opportunities for the professional worker in the Trade Association field, reports Mr. Philip P. Gott, manager of the Trade Association Department of the Chamber of Commerce of the United States. The future promises well, he believes for certified public accountants, statisticians, and for publicity and promotion specialtists. The salaries now being paid for these specialized services compare favorably with those paid in 1929 by private business organizations for the same ser-

(*Continued on page* 8)

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NEW OUTLOOK

ALFRED E. SMITH
Editor-in-Chief

FRANCIS WALTON
Managing Editor

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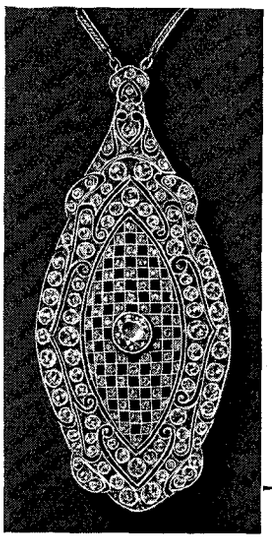

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vices. New trade associations are being formed almost daily.

As we have said again and again the professional worker should be more resourceful in finding and in creating his own opportunity for work. Why shouldn't he seek and request the right kind of assistance to carry himself through the period of occupational and professional adjustment? In this connection readers of the NEW OUTLOOK may be interested to hear of a plan for *extending Government credit to the individual* which is under discussion in Washington as we go to press. The author of the plan is Mr. Arthur J. Morris, founder and president of the Morris Plan System of Banking. Mr. Morris proposes that "this government should promptly undertake the organization of the First Industrial National Bank of the United States, with a capital and a surplus of $1,000,000,000, all owned by the United States government. This bank should have branches set up all over the United States so that through this chain of industrial banks the government *could extend credit to every person, firm or corporation* requiring money with which to purchase necessities, to employ men to aid in that purpose. These loans should be made with or without security other than family endorsements and such loans should be limited even with security, to any amount not exceeding $5000 for each loan." Mr. Morris has worked out plans by which (1) the amount of these loans available to the borrower will be based upon the average earning of the individual, firm or corporation, over the past five years, or the preceding three year period. (2) Repayment of these loans will not begin until after individuals regain employment. (3) Loans will be secured by a government lien on the property and other income of borrowing individuals until they have been liquidated. Borrowing individuals will be assisted to secure employment. Mr. Morris states that the banks have more money to lend than they have ever had in their history, but that the opportunity for loans has been both curtailed and destroyed not alone because of the fear of the lending bank but because the borrowing public who have heretofore supported the banks and enabled them to make substantial profits *no longer have either the purpose or the value* behind their usual collateral that would justify them to borrow or the banks to lend.

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NEW
OUTLOOK

SOUND MONEY

An Open Letter to the Chamber of Commerce of the State of New York

Chamber of Commerce of the
State of New York,

Dear Sirs:

I have your letter asking my views on sound money as part of your campaign for a return to the gold standard.

I make no pretense of being an expert on gold. This much I know—that the gold standard on the whole has worked well. The reasons are obvious. There is a limited amount of gold in the world. This amount varies little. Gold is easy to handle. Men want gold and for ages have regarded it as a standard of value. Every reader of the Bible knows this. The terms in which the common man speaks of gold today have been handed down to him from countless generations of ancestors of every race and breed. A great many of the stories which have been written, or told, have gold as the central motive. Gold does not always play a noble part in these stories. It is often the root of all evil, but it is always the symbol of wealth. Since the dawn of civilization and the end of the age of barter, it has represented security, reliability and the unquestioned medium of exchange. Civilization has taught us that gold is not a god to be worshipped. It is, however, an instrument which has served men well. The burden of proof is, therefore, on those who want to get away from it.

In no other country in the world have sound money and the gold standard served better than in the United States. Can it be possible that the nation which repudiated Bryan and narrowly averted a great national financial tragedy in 1896, and which rejected Bryanism twice thereafter, will now embrace monetary inflation? Can it be possible that the political party, which for a whole generation was deprived of national public office because of its free silver and other economic heresies, will now, in the hour of its opportunity, go back to the very doctrines which in the past alienated the wisest and best of its members and drove them out into the opposition? Is the Democratic party fated to be always the party of greenbackers, paper money printers, free silverites, currency managers, rubber dollar manufacturers and crackpots? I don't believe so. But if so, the issue is more than a partisan one, because we are dealing today with the party which actually holds responsible government office, which is not merely advocating cure-alls in a campaign, but which has in its hands the present welfare of 130,000,000 people and the future of our most cherished American institutions.

This is an era of experiment. The argument seems to have prevailed that everything which has served us in the past and everyone who has been identified with bygone prosperity, should be under suspicion. The national Administration has, therefore, turned to those who have ideas

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but no experience, to those who think they know how things should be done without ever having had the responsibility of trying out their theories. I have no objection to amateurs and novices, and no fear of experimentation as such. As I said in an article in the NEW OUTLOOK some months ago with reference to the academic planners who now for the first time have a great big public laboratory for their experiments, "if we could give the planners a corner of Alaska or a chunk of the Bad Lands for their experiment, it would not be so serious. Then if the laboratory blew up, the whole nation would not suffer." Even universities do not call young professors of agricultural economics to the president's chair. They let the lecturer teach the boys and girls in the classes, but they get an executive to run the university. We have recently reversed the process in our national government. We have put the nation to buying and selling gold, on the assumption that by so doing we can control prices and thus restore prosperity, in the face of the fact that there is absolutely no evidence to support this theory, and of the even more obvious fact that not one person out of a thousand can understand it.

What we need in this country is absolute dependability in our money standards. It is the only thing which will restore confidence. The latest fiscal moves of the Administration have undermined public confidence. They have created uncertainty. Uncertainty paralyzes business, discourages private initiative, drives money into hiding and places the entire burden of sustaining the population on the central government. We are told that there is a new theory of government abroad. It is the theory that the executives are quarterbacks on a football team who do not know a minute in advance what signal they will call next. They determine the plays on the basis of "hunches". Of course, this is just another name for opportunism. There is nothing new in it. It never pulled a great modern industrial nation out of a depression. What the people need today is what the Bible centuries ago described as "the shadow of a great rock in a weary land." That was what Grover Cleveland represented to the people in his day—a symbol of strength and firmness, of coolness, of rock-like integrity in the midst of shifting sands, heat and desolation.

A century and a half ago Patrick Henry made a speech to the Virginia legislature which is known today to every school child in the nation. He said: "I have but one lamp by which my feet are guided, and that is the lamp of experience." In the absence of anything definitely known to be better, I am for a return to the gold standard. I am for gold dollars as against baloney dollars. I am for experience as against experiment. If I must choose between private management of business and management by a government bureaucracy, I am for private management. I am ready to go through a certain amount of deflation if the choice is between this and outright money inflation. If I must choose between the leaders of the past, with all the errors they have made and with all the selfishness they have been guilty of, and the inexperienced young college professors who hold no responsible public office but are perfectly ready to turn 130,000,000 Americans into guinea pigs for experimentation, I am going to be for the people who have made the country what it is. And I say this with full knowledge of the fact that there are many things in the old order of society which I should like to have changed and which I do not applaud or even condone.

The fundamental cause of the depression was not lack of economic planning. It was not bad leadership in government and business. It was not over-production in agriculture and industry. These were all effects rather than causes. Even the World War was not the underlying cause. As I have said before, the fundamental cause was as old as original sin. Stubborn human nature is basically responsible for the world's economic miseries, and it is only by raising the general level of human character throughout the world that a new society, free from war, brutality, oppression, arrogance, inequality, selfishness, snobbery, waste, disease and unnecessary sorrow and suffering, can be brought about. It can't be done by magic, fiat, hocus pocus or mere experimentation.

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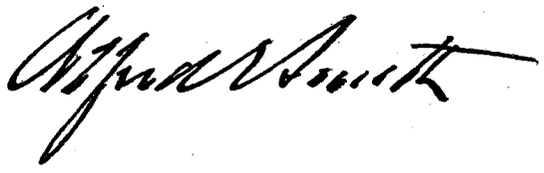
There is no middle course in this sound money controversy. There is no way of playing both sides, and conciliating both the money inflationists and the sound dollar conservatives. That is the trouble with a battle of extremes, such as the one we seem unfortunately to be heading for. In such a battle, we have a choice of one of two things. It is like an election in which there are two candidates. We may not regard either one of them as perfect, but we have to make a choice or lose our vote.

I know that in writing this letter I am inviting the charge that I have "gone Wall Street." Well, this is not the first time I have taken the unpopular side of a great national question, and have seen my position justified in the end. I have been in a temporary minority before, and it has no terrors for me. No one who has gone through what I went through in 1928 is going to be worried by sneers and epithets. In the end the country will rally to the gold standard as it rallied to the standard of prohibition repeal, because these are the American standards, and because in a democracy truth is mighty and will prevail.

As a young man, I followed my party faithfully through the "cross of gold" period, when oratory was thought to be a perfectly satisfactory substitute for sound economy and common sense, but I am too old now to be *regular* just for the sake of regularity. And I have earned the right to be independent when I think the public good demands it.

Put me down, therefore, as a sound money man, and as being with you in your campaign.

Very truly yours,



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CONGRATULATIONS

THE PRESIDENT has disposed of the Russian problem in an admirable way for which he deserves the thanks of the country. He has followed Jeffersonian principles as against ignorance and prejudice. These diplomatic negotiations are bound to involve a certain amount of trading. In this case, the United States of America obtained some pretty strong assurances as to the intentions and policies of the Union of Socialistic Soviet Republics, and the latter was successful in postponing the precise terms of financial settlements to a later date. It may be added that the choice of Mr. Bullitt as our first ambassador was an admirable one.

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CIVIL WORKS

HALF WAY BETWEEN a lemon and an orange is a grapefruit; half way between a public work and a relief work is a civil work. Up to now the federal establishments only recently scheduled for consolidation, have been increased to include an AAA, an FCA, a PWA, an FERA, an NRA, a CCC, a TVA, an HOLC, an RFC—and now we have a CWA. It looks as though one of the absent-minded professors had played anagrams with the alphabet soup. The soup got cold while he was unconsciously inventing a new game for the nation, a game which beats the crossword puzzle—the game of identifying new departments by their initials.

The reason for the new CWA is, however, as clear as crystal. It was created to hide the failure of another existing agency. It was set up because the PWA, or Public Works Administration, had broken down. Instead of acknowledging the failure of the Public Works Administration, and reorganizing it along sensible lines to insure action, getting rid of the inefficient executives and the horde of state engineers and advisory committees, regional administrators, business staffs, counsel, boards of review, planning boards and God knows what else, this crazy top-heavy structure, choked with red tape and bureaucracy is being left as it is, and out of it is being created the new Civil Works Administration to raise relief wages and get more people to work during the winter. To effect this, Mr. Hopkins has been given a new title, and $400,000,000 of Mr. Ickes's money, and has been instructed to take 2,000,000 men from relief work and put them on civil works and to put 2,000,000 more men on new civil works projects to be devised overnight.

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No one has as yet described just what a civil works project is, except that it is some sort of minor construction or repair work which does not require the service of a contractor, which can be finished before February 15th when the money gives out, and which does not involve a great deal of supervision or material. No one knows what will become of the new civil workers after February 15th. One thing is obvious, and that is that without a complete reorganization of the Public Works Administration there will be no more public works under way on February 15th to absorb the civil workers than there are today to absorb the relief workers. The more we string out the public works program, the less men are employed at any one time, and the surer we are not to put enough priming in the industrial pump to get it working by itself.

I have made no profound study of the National Recovery Act, but what study I did make of it when it was passed, did not disclose any intent on the part of Congress to permit taking $400,000,000 of public works money and shelling it out on the basis of a 100 per cent subsidy for so-called civil works. The National Recovery Act provided for a straight outright gift for highway work and for Federal improvements, but it required a 70 per cent contribution by the localities with a 30 per cent subsidy for all local public works. However, I suppose that the man who pays the piper calls the tunes. The head of a department can usually get almost any kind of an opinion from his counsel. The law and the Constitution have received worse jolts than this in the last six months.

Let me make my position unmistakable. I have the greatest possible sympathy with increasing the wages of present under-paid relief workers. I enthusiastically endorse the idea of putting more men to work. I am for a five day week rather than a three day week, and for paying skilled laborers the prevailing rate rather than paying them as ditch diggers, but I cannot for the life of me see how worthwhile projects, midway between public works and made-work, can be devised overnight, or how this hastily conceived civil works program can lead ultimately to anything but confusion.

This program certainly cannot benefit the heavy industries. It cannot produce much that is valuable between now and February 15th. It will certainly lead the localities more and more to dump their entire relief problem on the central government. It will certainly discourage the private building industry. It will certainly dislocate wages in thousands of communities, and further discourage private initiative. It will certainly cause men who are now loafing on made work with nothing to work with or at, to loaf more hours. If the rule giving an absolute preference to veterans with dependents is carried out, there are whole regions where no man below 35 years of age will even be eligible for appointment.

The civil works program will certainly afford an alibi for the incompetents in the Public Works Administration, and will perpetuate the delay and red tape which are holding back and bedevilling the real public works program. The Public Works crew can now take a long winter's nap, undisturbed by the necessity of issuing statements as to how many hundreds of millions of new projects have been approved, and as to why more men are not at work.

Some of my readers may ask why others have not pointed out these dangers in the CWA program. They will ask why the governors, mayors, supervisors, councilmen and aldermen have not raised these questions? The answer is very simple. No sane local official who has hung up an empty stocking over the municipal fireplace, is going to shoot Santa Claus just before a hard Christmas. As long as the gifts are going to be distributed anyway, who will be fool enough not to take his share? Some day we shall find out how much it cost to install Santa Claus in the Civil Works Administration.—*A. E. S.*

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The Story Congress Will Tell

by George E. Sokolsky

George E. Sokolsky, a regular contributor to NEW OUTLOOK has been traveling throughout the United States listening to and gathering the comments which Congressmen at home are hearing from their constituents.

IF President Roosevelt were a Caliph in ancient Bagdad, he would disguise himself as a Congressman and wander about the country asking the man at the filling station, the hitch-hiker, the farmer and his wife, the local chairlady of a women's club—he would ask them what they thought of F. D. R., the NRA, Hugh Johnson, Brain Trusters, Jim Farley and the entire set-up in Washington.

And he would get an earful. What perhaps would surprise him most would be the paradox that while he, personally, is still quite popular among the people, everything that he stands for and everything that is done in his name stimulates increasing antagonism. He would be startled by the contradiction that whereas on all sides one hears, "Stand by the President," one also hears on the same sides, the increasingly louder comment that Hugh Johnson wants a dictatorship and that he won't get it in this country—not by a long sight.

From the standpoint of the masses, the President's task on March 4 was a simply stated one: it was to get 10,000,000 men back to work immediately. Nobody cared how he did it. Nobody was particularly concerned with fundamental social and economic issues. Nobody expected a revolution. Nobody cared for a basic struggle between Capitalism, Fascism and Communism. The people wanted work. *They did not want a fifth winter of Depression.* If Roosevelt provided work before the snow set in, they would have woolen underwear, overcoats, a Thanksgiving and Christmas dinner. That was all that the average American wanted and he was willing to follow Mr. Roosevelt anywhere in order to get it.

The American is, in many respects, a simple person. He does not like to become involved in weighty ideological discussions; he does not easily comprehend fractions of ideas. He does not care much about the philosophy of Fascism, but he admires Mussolini; he cannot even begin to bother about the generalized theories of Communism, but he can understand that Soviet Russia wants to buy machinery. It is not so much that the American is an intellectual dumb-bell, as it is that he thinks in terms of actions and things rather than in terms of philosophic concepts. Thus, Hugh Johnson at first appeared to him a superman, while Richberg and Tugwell and other brainy fellows confused and frightened him. Much of the President's popularity arose from a single fact, namely, that he picked up the microphone and said:

"My friends, tomorrow morning we shall take the following steps for the following purpose and we hope to achieve these specific results. If we fail, as fail we might, we shall do something else next week."

That sounded just right. It was a promise of definite action to meet specific needs. It was always concise and it was always simple.

Had conditions improved for the ordinary person, Mr. Roosevelt might have continued to hold the unimpaired personal loyalty of his people. Wherever conditions have so improved, he is as popular today as he was on March 5. For instance, I was in Memphis, Tennessee, three weeks ago from this writing. That city is the center of an important cotton industry representing three states, Tennessee, Arkansas, and Mississippi. Mr. Wallace's processing tax and the Government's cotton program has worked beneficially for that area. But when I was in Chicago and later in Salt Lake City, I heard different tales. Chicago has suffered from the NRA and Salt Lake City is suffering from an accumulation of causes, some going back to Mother Earth; in cities of this category, Mr. Roosevelt is growing exceedingly unpopular—not so much the President himself as his Administration.

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If the NRA had not promised too much, this swing back from it might not have been either so swift or so positive, but in July and August the ordinary American, who is neither an expert economist nor a political student, felt that it was all over and that he would return to the golden days of 1928-29. In the economic history of this country, General Johnson's talks during those two months will go down as a psychological crime, and if Mr. Roosevelt finds himself with an antagonistic Congress and a divided party, when Congress meets, he can largely blame General Johnson's talks. The American people have become accustomed to expect sobriety of statement from the Federal Government, which they have tended to trust more than Congress or State or municipal Governments. In July and August, NRA ballyhoo was anything but sober. It was optimism running in the direction of delirium. And today, the reaction and the headache have set in.

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In any country, a dictatorship is always in a less pleasant spot than a democratic government, because from a dictatorship the people expect immediate and favorable results. The sacrifice of democratic controls can only be compensated by startling improvements in social and economic conditions. These do not appear. Therefore, the people not only complain that they have been hoaxed but they analyze, crudely but directly, both the process of hoaxing and the results observable.

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The most universal complaint is that the NRA is squeezing the middleman and the white collar man, that is, the average American in the average city, out of existence. The grocer, the butcher, the barber, the stenographer, the school teacher, the kind of people that the neighbors know and like, have not been benefitted by the NRA; they are much worse off because prices have gone up and their compensations are stationary. These folks constitute the solid elements in every city and town. They are usually the native American element in the place—the old families. They dominate the political life, and therefore, the local Congressman and Senator.

They are usually very conservative. They regard Wall Street as a wicked institution, and they are still opposed to trusts. They have never accustomed themselves to the unionization of labor and regard the labor unions as a racket. They believe in "rugged individualism," go to church and fear other "isms" of all kinds. Mr. Tugwell's economic philosophy sounds to them like so much German.

In the Middle-west, and the South, they favor inflation because that will free them from their New York creditors. In the silver states, they want as much done for silver as was done for cotton. In California, they seek relief for the citrus industry. They resent the government's attempt to run their business although they would welcome anything the government might do to make them prosperous. They desire prosperity but not government management.

It is fatuous for Mr. Roosevelt's paternalistic philosophers to criticize the American by insisting that he wants government assistance and at the same time objects to the government in business. That is not subject to criticism because it is just what the American wants. He seeks help, but not management; assistance, but not control; coöperation, but not socialization.

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It is for this reason that Henry Ford is something of a hero these days. He outwitted the NRA and instead of "cracking down" on him, the people admire him. In three cities, during lectures when I casually mentioned the name of Henry Ford, there was vociferous applause. In Salt Lake City and San Francisco, barbers' objections to the NRA fixed prices for hair-cuts symbolized the general local attitude towards price fixing—and there was applause for the barbers. In Hollywood, Eddie Cantor became the hero of the motion picture industry because he assumed the responsibility for fighting a salary fixing provision in the Motion Picture Code. Incidentally, wherever I have been during the past month, I have found that the public has already discovered that just as the gold hoarding bugaboo was a false alarm, so whoever puts up a just and stiff fight against the NRA usually has his way. Nobody admires a glass pistol.

The average American had grown weary of congressional speeches and inaction; but he has not been able to accustom himself to NRA speeches and "dictatorship." After all, he knows his Congressman; he votes for him and although he sometimes laughs at him, he can go to him for a favor. This sudden injection into his affairs of strangers, not selected by himself, wholly unaccountable to him, who tell him where he gets off and threaten him with economic destruction if there is the slightest disobedience or even a difference of opinion, startles an American and makes him want to fight.

In this country there is an inherent resistance to both paternalism and dictatorship. This resistance is as fundamental as the puritanism which came out of New England. No system can find root in American soil which rejects the conception of democracy as expressed in the political form of elected officials. The American therefore turns from the NRA dictator to his Congressman; he turns from the Blue Eagle to the Constitution; he turns from Hugh Johnson to Fiorello La Guardia.

The farmer, in particular, has found the New Deal difficult to understand, because he assumes that the industrial worker is in good shape and that only he, the farmer, is being ditched. This attitude is indubitably an effect of the NRA drive, and all of General Johnson's profanities will not make the slightest impression on the farmer. They knew, all the time, that the NRA was not for them; but they ask why does Hugh Johnson do all the talking for the Administration? Why is it that their own Governors and Senators and Congressmen get the cold shoulder when they go to Washington? They do not want Johnson to come to their cities to tell them where to get off; they feel that it is up to the Administration to listen to their elected officials—to the men they send to Washington. When the Governor of a state goes to Washington and has to sit about cooling his heels, whether it is about farm relief or an R. F. C. loan or a Public Works loan, every citizen in his state is offended. After all, a Governor of a State is some personality with his own people—and the Governors have written home from Washington telling of the frigidity with which they have been received.

Take the case of Utah, for instance. The Governor of the State and the Mayor of Salt Lake City and a delegation of important citizens went to Washington to negotiate on public works. First of all, everything moved with terrifying slowness. One of the enterprises was a library for the University of Utah. It was clear that if anything was to be done to help the unemployment situation in Utah, it should be done over the winter when the need is greatest. Negotiations seemed never to end. Then, when everything looked as though the enterprise were to be embarked upon, the State of Utah was told that a New York lawyer (one on a list) would have to go over the law of the enterprise at a fee of one thousand dollars—and that in spite of the fact that both the State and the National Governments maintain competent legal departments.

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Again Utah desires reclamation work because it is losing population, but the Public Works organization apparently did not favor this project. Utah knows what it needs and wants, but it seems to have no way of getting it. It can apparently get money for what it does not need and does not want. In Salt Lake City, I listened to two full days of complaint at the workings of the Public Works organization. I heard the same complaints elsewhere. The Congressmen and Senators are also listening to them.

I find as I go about the country that there is little real criticism of the accomplishments of the Roosevelt Administration; the objection is to the Fascistic threats of coercion, the assaults on rights which antedate the Constitution, the general blustering attitude of the new officialdom. Whenever one gets down to brass tacks on actual accomplishments, the consensus of opinion is that, notwithstanding many mistakes, conditions are no worse than before March 4, and there seems to be a tendency to resent any suggestion that the country might have been better off had Hoover been elected. That argument wins no ready response.

But when one asks about freedom of the press, there is a veritable explosion in any part of the country. And it does not arise from any love for the newspapers, but resentment rises to choler at the mere thought of bureaucrats trying to keep the people in the dark. Nothing that the Roosevelt Administration has done has got them in wrong with the average American as has the steps that have been taken to keep things out of the papers—and that gets into the papers. The impression is getting around that the Administration is tricky, that it has something to hide.

When this is combined with the fact that everyone close to the President is broadcasting at a salary and writing in the magazines and that Mr. Moley and Vincent Astor have started a *Rigierungsblatt,* men just wonder whether some European system is not being put over on the American people.

Congress will undoubtedly raise this issue because it is one of the most discussed questions in every part of the country. It will be remembered that William Jennings Bryan was severely criticized for accepting lecture fees while Secretary of State; this criticism is alive with the people of the country today. The sentiment seems to be that the Administration is attempting to use the press and the radio to put views forward and that it will fight with all its formidable power even the tiniest person who happens to oppose some picayune idea of a petty bureaucrat. In this country, such an attitude breeds contempt.

One hears of a coalition of Southern inflation and Western silver senators against the Administration. The silver states control fourteen votes in the Senate. The Southern inflationists control from ten to twenty votes—say a minimum of ten. This *bloc* of at least twenty-four will probably hold the balance of power in the Senate. Although it seems to be doubted that they can undo the Roosevelt program, they can investigate and give publicity to the conduct of that program in a manner embarrassing to the President. It is expected that that will be done.

I have just been on the trail of Senator Wheeler, who has been barnstorming in these parts stirring the people to favor silver legislation. Although I personally have no enthusiasm for Senator Wheeler's program, I must testify to the brilliant impression he makes on his audiences. In various parts of the country, the people are being brought into line to support a money policy much to the left of the President's, and the Senators will not be bound by any honeymoon amenities. Rather will they seek to prove to their constituencies that, even if they could convince neither the President nor the Administration, they nevertheless stood by the people. It is necessary for all Congressmen and Senators to make that clear before the next election.

One fact stands out clearly to me on this trip across the country, namely, that the average American resents bulldozing more than he does bad economics. If Mr. Roosevelt produced an economic paradise, he would still have to put a lock on General Johnson and Donald Richberg and Professor Tugwell and all the little, weeney Johnsons all over the country, because sooner or later the American people are going to crack down on them and it will not be pleasant.

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Was it Karl Marx who said that there could not be a revolution in Germany because it was *verboten?* Well, the American is not like that. If it is *verboten,* by heck, he'll do it, just to show that he is a free man. That was his reaction to prohibition; that is his reaction to the NRA. But in the Roosevelt Administration, he finds that the people who are telling him what to do are outsiders, of whom he has never heard, associated with Government by nepotism. He will take no lip from that sort of folk.

Take for instance, the man who is drawing up the Motion Picture Code, Sol Rosenblatt. Nobody in the industry knows much about him, except that he was associated with the theatrical lawyer, Nathan Burkan, and that he got most of his information from one of the Warner Brothers after one of the usual Hollywood raiding rows among the studios. Why, they ask in Hollywood, did not the Government ask such men as Irving Thalberg, or Eddie Cantor, or Douglas Fairbanks, or a group of them to draw up the code? Why was the code, in its final form, handled by an outsider? The same question is being asked about other codes in other cities—particularly in one—industry cities. In a word, who are these outsiders and why do they chisel into an industry?

It will be tragic if an entire program of economic rehabilitation is scuttled by bad manners, ballyhoo, wild language and impudent bureaucratic methods. Mr. Roosevelt is probably unaware, as great men so often are, of the impression which his adjutants are making upon the men and women who elected him President of the United States, but he will know all about it after Congress meets, because every Congressman and every Senator is going to get it into the Congressional Record, for free distribution, that he fought for the rights of the people against the bureaucrats and the brain trusters. It is going to be made clear that Congress is not Fascist. And that is what the people want. They don't mind Republicans and they can tolerate Democrats, but they are not going to be governed by a smarter-than-thou bureaucracy that frightens honest folks.

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War, 2; Peace, 3.

T. R. Ybarra, international correspondent, presents the findings of his European survey made for NEW OUTLOOK on the official and unofficial feeling for peace and the chances of another European war.

By T. R. Ybarra

WILL Europe keep the peace, or plunge into war? Here is an attempt to give an answer to that question, based upon something approaching a mathematical basis—to relate that answer to the doctrine of chances, as this writer sees it. For this purpose, it is proposed to examine the present situation in each of the principal European countries, to seek to determine whether each of the countries studied is an asset or a liability to the cause of maintaining the peace during the next few months, and to express the result on a percentage basis, as instructors at our colleges express the relative value of examination papers submitted to them by students.

Of course, it must be borne in mind always that calculations which seem flawless may be completely upset by some unforeseen factor, such as a sudden assassination comparable in its consequences with that of the Archduke Francis Ferdinand at Sarajevo in June, 1914, or by some apparently trivial clash between the frontier guards of some two European countries. Nevertheless, despite this discouraging contingency, let us see where we come out in an experiment along the lines set forth above.

For the purposes of our examination, we may divide the more important European nations into ten units, viz:

1. Great Britain.
2. France.
3. Germany.
4. Italy.
5. Russia.
6. The Little Entente (Czechoslovakia, Yugoslavia, Rumania).
7. Poland.
8. Austria.
9. Hungary.
10. The neutrals of the World War (Holland, Switzerland, the Scandinavian countries, Spain).

If any one of these units is deemed to be wholly and unequivocally for peace, it will receive a mark of 100. Thus, if all of the ten units should be rated as partisans of peace-at-any-price, the total of the marks would be 1,000.

Let us now take up each unit in turn.

First comes Great Britain. It may be stated emphatically that, at the present writing, the great bulk of British public opinion is in favor of the maintenance of peace in Europe. True as this is with relation to the population of the British Isles themselves, it is even more so with regard to the peoples of the British dominions. They would be disgusted if Britain got mixed up in another European war. Indeed, there are elements in some of the far-flung British lands dotted over the globe which might even oppose to the point of secession any British scheme to pull the chestnuts of Continental Europe out of the fire. But notwithstanding this, there is a cloud on the horizon. The people of the British Isles (and many in the British dominions as well) are incensed against Chancellor Hitler and the Nazi regime in Germany. This fact might conceivably over-ride the strong pro-peace feeling which characterizes the British Empire.

It cannot be said that this anti-Hitler state of mind constitutes an actual war menace. Nevertheless, the fact that it exists suffices to bar Britain from getting a perfect mark as a factor making for peace. A fair mark for her, therefore, taking into consideration what a powder magazine present day Europe is, would appear to be 85.

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Next comes France.

The bulk of the French just now are against war. That is beyond question. But the Treaty of Versailles has led France into such serious commitments, based on the maintenance of the *status quo* in Europe, that her value as a champion of peace has been somewhat weakened.

What, for instance, would she do, no matter how ardently most of her people desire peace, if some one of her eastern allies—Poland or a member of the Little Entente—should suddenly decide to attack Germany? Could she leave that ally in the lurch by remaining neutral? Similarly, what about all this talk of a "preventive" war?—an attack by France on Germany, at some time in the immediate future, based on the theory that the French might easily vanquish the Germans now but would be unable to do so a few years hence? It seems plausible to suspect that many Frenchmen, though basically averse to the waging of war, might be enlisted in favor of such an invasion of Germany, in order to prevent aggressive Hitlerism from attacking France ten—or even five—years from now. This being so, France's mark, which otherwise would be flatteringly close to 100, must be somewhat scaled down. Let us put it at, say, 75.

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And what of Germany?

Looked at from any angle at present, Germany's mark must needs be unflatteringly low. In spite of the fact that, for the Germans to get themselves involved in a war just now would be seemingly tantamount to national suicide, the attitude of the German Nazi government is anything but conciliatory. Neither in numbers nor equipment can the German military machine be compared for a moment with that of the nations which would probably confront Hitlerism should its chiefs decide to forsake the paths of peace. Moreover, an influential body of German opinion—including, probably, Hitler himself—does not want war now, irrespective of what it may want a few years from now.

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But such factors for peace in present day Germany are more than offset by the essentially belligerent spirit which the Hitler government is doing its best to foster among all classes of Germans. Though the Chancellor and other Nazi leaders may tell the world of their pacific intentions, the world—especially that part of it bordering on Germany—draws its own conclusions. "Tell it to the Marines!" expresses the reaction of the average Frenchman and Pole, Czech and Rumanian, to Nazi protestations of love of peace. And this reaction, one may add, is common also in other European countries and in America.

Yes, Germany, no matter how one looks at her case, simply cannot be awarded anything but a very poor mark as a worker for international harmony. Irrespective of where the blame lies, she has become the most serious threat against the peace of Europe. Therefore, a fair mark for her is 35.

Which brings us to Italy.

The new Italy, under Mussolini, aims to become a European Power far greater in importance than at any time since the days when the Italian Peninsula was the centre and soul of the great Roman Empire. She wants to dominate the Mediterranean. She wants a colonial realm. She wants to make her voice preponderant along the Danube. But, barring her progress in every direction (or so ultra-Fascist Italians think) stands France. Until France is thrust from her path, they assert, Italy must resign herself to playing second fiddle—or even third!—in the concert of Europe.

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Brooding over this possible destiny has made Mussolinian Italy, martial enough in any case, look with a friendly eye on the developments of militant Hitlerism in Germany, with its rabid anti-French bias. It has made Italians glower at Yugoslavia, France's friend across the Adriatic. It has brought them into conflict with France's other allies of the Little Entente—Czechoslovakia and Rumania—on matters pertaining to the future of southeastern Europe. It has caused them to forget the traditional enmity of Italy against Austria and Hungary, since both these nations are potential pawns in the Italian game against France. And, though Hitlerist Germany's high-handed attempts to annex Austria have somewhat dampened the admiration of Mussolini for Hitler, Mussolinian Italy remains sympathetic at heart with Hitlerist Germany.

In short, though Italy, in her present state of mind, may not want war, she is not particularly helpful to peace. So the highest mark that can be awarded her is 45.

Next is Soviet Russia.

The Russian Bolsheviki are rather evenly balanced just now in their attitude toward the question of peace or war. War, as they see it, would bring nearer the triumph of communism over capitalism, the wish uppermost in the heart of every true Bolshevik. But the continuance of peace, on the other hand, is vitally necessary to the success of the second Five-Year Plan, launched by the Bolshevik leader, Stalin, for the regeneration of his country. Moreover, the longer there is peace in Europe the better able Russia will be to meet the growing Japanese threat against her in Asia. For these reasons, let us give Russia a mark of 50.

That disposes of the five leading European Powers. Taken together, the best possible mark which they could have obtained would have been 500. Let us see how they come out:

Great Britain	85
France	75
Germany	35
Italy	45
Russia	50
	290

Out of a possible 500, only 290 for peace! A mere 58 percent—little more than one-half! Not so good. Let us now resume our examination:

Next we have Austria.

Austria is so weak that the great majority of sane Austrians must necessarily want peace in Europe. Though she was one of the principal sufferers from the treaties that liquidated the World War, there is more resignation among Austrians to the *status quo* than among any of the other defeated nations. They are fatalistic. This is true to such an extent, in fact, that Austria would be entitled to a nearly perfect mark were it not for the strong Nazi element in her population and the strong interest of Nazi Germany in her affairs. Either one of these, or both in combination, might easily transform the little Austrian republic from an asset for peace into a factor for war. Even so, however, she cannot be pushed out of the pro-peace column. Though she cannot get a really high mark, she has certainly not qualified for a really low one. Let us give her 75.

Hungary next.

Like Austria, Hungary came off very badly in the World War liquidation. But, unlike Austria, she is not at all resigned to the fate meted out to her by the makers of the post-war treaties. "No, no, never!" is her motto—meaning that Hungarians will never reconcile themselves to the boundaries within which their country has been confined, to the loss of the formerly Hungarian territories which those treaties apportioned to Rumania, Yugoslavia and Czechoslovakia. This irreconcilable attitude, combined with the fact that the Hungarians are excellent soldiers, must weigh strongly against the obvious weakness of present day Hungary, which would otherwise tend to

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throw her into the balance for peace. As it is, however, Hungary cannot be marked higher than 45.

And now Poland.

The very existence of Poland, as she is today, rests on the maintenance of the Treaty of Versailles. Every attempt to tamper with that treaty brings violent opposition from the Poles. All arguments in favor of revision of the treaty, especially those constantly advanced by Germans, raise a hornet's-nest in Warsaw. Poland, in her present mood, will do anything to preserve her boundaries; she will balk at nothing, even war, to keep Germany from getting back the "Polish Corridor" and the Free State of Danzig. Indeed, among all the sore spots of Europe there is none sorer than the Polish-German frontier. A single isolated incident there, which would otherwise be of no importance whatever, might easily, in the present state of touchiness characteristic alike of Poles and Germans, set the match to the European powder barrel. In the light of that unpleasant truth, what mark does Poland deserve? A little higher than Germany, perhaps—but not much. Let us give her 40.

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And the Little Entente?

There, as in Russia, things are pretty evenly balanced. All three of its members—Czechoslovakia, Yugoslavia, Rumania—owe a great deal to the Treaty of Versailles. And they are therefore prepared to defend vigorously the *status quo* in Europe. On the other hand, all have such formidable neighbors that it is greatly to their advantage not to get involved light-heartedly in war. This latter consideration tends to increase the potential value of the Little Entente as a factor for peace and correspondingly decrease its value as a factor for war—a value which, in view of the precarious balancing of national ambitions in southeastern Europe, would otherwise be distinctly high. How about 50 as a mark for the Little Entente? That seems fair enough.

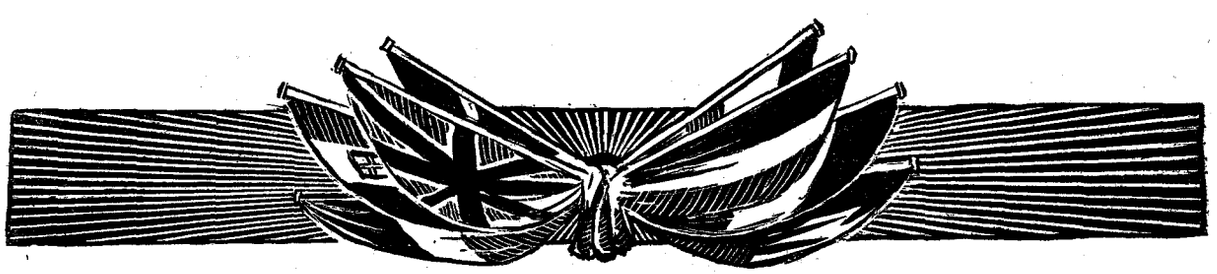
And that brings us, finally, to those European nations which remained neutral in the World War.

Nothing that has happened since has tended to weaken their solid front in favor of peace. Indeed, the happenings of the last fifteen years have ranged them more firmly against war than ever. What makes this attitude far more important than it would be in itself is that these nations are influential in the councils of the League of Nations at Geneva. In addition to this, two of the neutrals of 1914—Holland and Switzerland—have a financial importance out of all proportion to their size. And they would undoubtedly bring to bear the full weight of their financial influence against all endeavors to stampede Europe into another war. Holland, Switzerland, Sweden, Denmark, Norway and—despite the inherent turbulence of her nature—Spain! There, certainly, is the most powerful bulwark for the maintenance of peace in Europe. There, at last, do we find a European unit which merits a perfect mark. Yes!—let us give them 100!

And now let us recapitulate:

Great Britain	85
France	75
Germany	35
Italy	45
Soviet Russia	50
Austria	75
Hungary	45
Poland	40
Little Entente	50
Neutrals of the World War	100
	600

Six hundred out of a possible 1,000, for peace. Three-fifths. That makes the odds 3 to 2 against another European war in the immediate future. Not very creditable at this stage of the development of our western civilization! Nevertheless—it might be worse!



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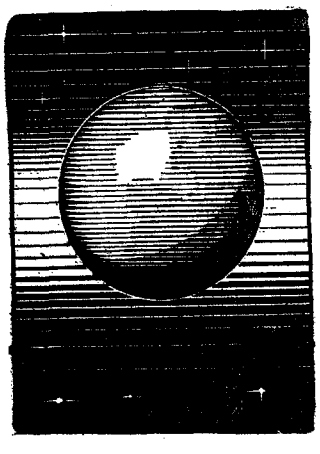
The World Awakening

By Cedric Fowler

Is recovery a world phenomenon beyond the control of a single national group? Mr. Fowler presents the evidence, recently collected by the League of Nations, which indicates a fallacy in exclusive nationalistic planning.

ON July 3, 1933, America reasserted her independence, not politically, but economically, and not of England alone, but of the world. President Roosevelt's refusal to consider currency stabilization at the London Economic Conference was the basis of the new declaration. The Conference, already a little sick despite the cheery tone of its sponsors, was stunned, sputtered feebly once or twice, and died. The opening note had been optimistic. The tone of urgency and hope for an international solution of world problems had been sounded, not only by Europe, but by America as well. Now America reversed the theme, and the sixty-five nations that had assembled for joint action on the crisis could find nothing more to do than to follow our lead in the retreat to domestic economic limits. The fine hopes and the ringing slogans for an international economy were dropped in the renewal of the race for economic isolation. The world attempt to apply direction and control to economic forces had failed.

Since that time, America has concentrated on the problems of home recovery alone, without reference to its international aspects. Our own economic backyard has taken all our effort and all our attention. This procedure, like all others leading to world isolation, has its penalties—of which ignorance is the first. We have chosen to forget the world in our interest and enthusiasm for our own New Deal, and in that choice we are losing sight of important world developments. The excitements and confusions inevitable to wide home experiment have allowed important changes in world conditions to slip by us almost unnoticed. Indices of our progress, though still somewhat uncertain, have claimed all our interest, and in doing that, have blinded us to equally vital and often more substantial evidences of recovery abroad.



Economic recovery is under way on a world wide scale. Definite signs of improvement are visible on almost every foreign economic front. Europe, South America, the East, are showing convincing symptoms of returning economic life. The units of the British Commonwealth, scattered from the Pacific to North America, report an economic upturn. Russia, often considered outside the stream of world movement, submits authentic reports of rise in production and of the standard of living of its people. The world is awakening from economic sleep. The Depression has been from the beginning a world phenomenon, and so is the present recovery equally world-wide. All countries are sharing, some more than others, in the upward trend. Sixty and more nations that lay down on economic sickbeds are rising again.

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Australia, first to lead the world procession into the crisis, is the first to lead it back into better times. Recovery has proceeded far enough for the government to announce a substantial reduction in taxes, the first country to do so. Conditions in Canada, also struck early in the crisis, have shown improvement since the early part of the year. England reports a steady climb out of the industrial slough. Unemployment has declined 500,000 in the past five months, from a ten-year average near the two million mark. Improvement has been marked in basic industries—always a reliable index of better conditions. A genuinely balanced budget has helped to restore England's position as financial agent to the world. Capital flotations have shown large increases, an important factor for recovery, since basic industries make the first and steadiest call for new capital in a recovery.

Unemployment in France has dropped nearly thirty per cent between January and August of this year. Industrial activity has been increasing at the rate of three points per month, and has already reached eighty-eight per cent of the 1928 figure. Belgium shows a similar rate of increase. German exports have increased and official figures reveal that unemployment has gone down. Italian unemployment has decreased since January from one and a quarter million to 824,000. Japan reports large gains in textiles and general sustained advance in manufactured exports. India, the Malay States, the Dutch East Indies, are all enjoying better economic conditions, due largely to improvement in raw material prices. The pleasant phenomenon of recovery is world-wide.

Now between the economic units of the world we also find international trade reviving from its prolonged paralysis. The flow of imports and exports essential to foreign commerce has begun again. Since few European countries are self-sufficient, this increase offers a truly reliable index to general recovery. The increase began tentatively in

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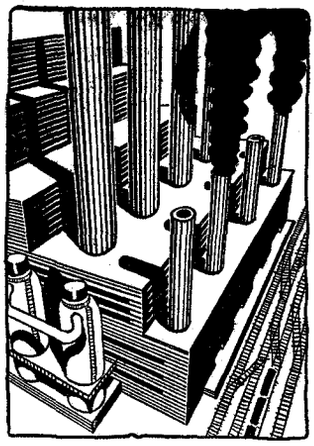

the winter of 1932, but shortly suffered a setback. This year's improvement has been maintained without serious interruption since the second quarter of 1933, and promises to continue in strength. The trading nations of the world are stirring from their long dream of inactivity.

This new economic flowering must indeed be a hardy growth, since it is taking place in spite of the abject failure of the conference that was called to make it possible. And the London meeting was not the first, nor presumably the last, to fail in international agreement. The refusal of the nations to disarm is a further example of failure to control factors of economic importance. The steady decline of influence of the League of Nations is a third. The nations of the world, it is apparent, do not yet know how to come together for the attainment of a peaceful economic end, when the effort involves economic and political considerations.

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But if ever there was an opportunity for international planning, the London Conference offered it. The problem was known to be world-wide. Everyone recognized it. Even the statesmen knew it. They made inspired speeches on the crisis, pledging themselves to coöperation and trumpeting their determination to make a united assault upon the Depression. Then, when the conference had heard the welcoming addresses, shaken hands with King George and got down to business, hopeless confusion and failure was the result. The American retreat to isolation, however spectacularly done, was not the single fatal blow required. In spite of the loud optimism of the doctors, the patient was feeble to begin with, and almost any shock was bound to result in death. And the death of the conference left all the problems of world economy where they had been before. No restrictions were lifted. The Tariff Truce, a preliminary move to the holding of the conference, merely preserved the *status quo*. Within a few months even that small advantage was lost, as the nations hastened to see which could first denounce it.

But as we survey the figures, obtained in their latest and most compehensive form from the League of Nations, we are pleasantly surprised to find that world trade attending world recovery has carried on in spite of man's failure to coördinate and plan its movement. It is independent, seemingly, of all human control. With the world in its present state of friction and impending conflict, the phenomenon is surprising. The admirers of concerted economic action must logically be saddened to observe it—it goes so directly against a dear belief. They may retort that recovery under a successful London Conference would have come faster than it has, would have been healthier and stouter as a result of human organization. But their reply lies in the realm of prophecy after the event. The facts do not bear them out. Their project failed and recovery is going ahead regardless of that failure, and not by spasmodic leaps and bounds in isolated spots, but consistently, over the greatest part of the international scene.

In no other country, short of industrially infant Russia, has domestic, if not international, economic planning been so admired as in the United States. Under the impact of the Depression we have turned from a *laissez-faire* philosophy to one of widespread and stringent control of business. We have done this from a legitimate suspicion that complete industrial independence has failed to provide our people with an assured standard of living. We are keeping the profit feature of our system (and here, the radical critic will tell you, is the first error, the last and all the others in between), but we are limiting in every part for the announced saving of the whole. The planning method is being applied to the entire field. No industry escapes, and although a certain amount of familiar squealing is heard, American business has begun by accepting the new dispensation with grace. After all, the situation was desperate. And business in the United States, for all its brave declarations, will take what seems to be assistance wherever it can get it, even from the government it regards so snobbishly in better times.

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European governments, while they have enforced much more detailed social legislation than America has ever considered, have listened less to the outcry for official planning of industry, domestic as well as international. No national scheme, even of an emergency nature, has come out of Europe for the wholesale organization of industrial recovery. England is perhaps the foremost example of refusal to plunge business under the cold shower of state control. The English government, while it has not hesitated to bargain shrewdly and fiercely for foreign trade advantage, has not stepped in to say how the employer shall deal with the public in pay rates, hours of work, or marketing practices. What advantage the English worker has in the struggle for existence he has gained for himself. What limitation of profits exists has come from taxation, social legislation and the victories gained in strikes—not from a wholesale national plan imposed from above. France and Germany, aside from tariffs, the organization of relief and certain fiscal trickeries (which have not paid) have allowed business to do its own thinking, enforcing a measure of social protection for the worker and leaving the remainder of the problem alone. Fascist Italy has prohibited strikes and lockouts and excessive establishment of new industries, but has ordered no blanket control over the whole field of business enterprise. Europe has left wholesale economic planning to Russia and to America, content to muddle complacently towards recovery without benefit of serious thought on the part of the government.

And the muddling, however negative its approach, has brought results. Recovery in Europe is not only under way, it is progressing faster than recovery in America! Industrial indices show a greater and more sustained rise in production and marketing than we have been privileged to contemplate here. Basic industries, which have been the greatest obstacle to recovery in America, have gone steadily ahead in the principal industrial powers abroad. The production of capital goods since the first part of the year has been three times as great in England as in America; in Germany, twice as great. Railways have shown consistent improvement, particularly in England,

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where the systems have not only avoided default, but are beginning on their own initiative extensive renovation and rebuilding programs.

Currency uncertainty has been very much less abroad than in America, leading to greater European confidence in fiscal systems. New capital flotations, as previously mentioned in England, are much greater, showing a far quicker return of frightened savings to economic use. Industry, steadily recovering from prostration, is calling for fresh capital and getting it, not on the basis of government credit, but on its own. The people of Europe are witnessing economic recovery in almost every field—and have been enjoying more of the treat, and for a longer time, than we have.

European critics, customarily respectful of American industrial progress, have recently been daring enough to cavil at our preoccupation with the greatest recovery program. Neville Chamberlain, Chancellor of His Britannic Majesty's Exchequer, has brusquely announced that no such program is contemplated for England. The Canadian Prime Minister curtly silenced a brief demand for a Dominion NRA across the border. French political and industrial leaders have looked politely down their noses and murmured, "Not for France!" The Nazi captains have professed an academic admiration for our President, but none for his program—possibly because the Hitlerite mind is not capable of critical thought, but also possibly because they disapprove. And since world recovery has gone ahead faster than ours, these alien carpers may have some reason for their skepticism.

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Basically the criticism is on grounds of a capitalist economy realism. If, say the foreign observers, the American program is designed for the rescue of a suffering capitalism, why proceed to the rescue by tightening the bandages so that the patient cannot breathe? Why not let him alone, as we have done, with what results you can see? The social protection features of your program can be accomplished by other and easier ways, by unemployment insurance, steep income taxes, sickness and old age pensions. The American taxpayer, for all his yells, has yet to feel the weight of the burden carried by his European brother. And, the critics add, capitalism still involves more independence than you are allowing it, unless you want to abolish the system entirely. Look our way and see how much better it is when you treat it as such, without attempting a combination of state socialism, government supervision and fantastically large money grants. If the intention is not to move seriously against the system, then restriction and interference with its normal progress are unjustified. More than that, they are unwise.

But criticism is not confined solely to a basis of foreign comparison. Faulty spots in the recovery program have been underlined by home events as well. Chief among these has been the undeniable presence of conflict between the essential parts of the plan. Labor reaction has been a prime source of this conflict, the attitude one of distrust and frequent open warfare. From an American working class that has borne the distress and social misery of the past four years with unexampled patience and perhaps mistaken good will, this attitude cannot be laid to intransigeance or simple malice. Nor is it simply the result of irresponsible labor leadership, exploiting the sharp weapon of the strike for private gain. Mass reaction to economic conditions is never wholly the consequence of individual strategy. It has a deeper, collective origin in mass thought and in instinctive feeling. Labor early showed dissatisfaction with its place in the new economic organization. That dissatisfaction has already been reflected in statistics of industrial loss, and unless more progress is made in allaying it, will continue to slow recovery.

No student of labor less frivolous than Henry Ford has objected to the biggest plum in labor's allotment—the recognition of the right to collective bargaining. It is the composition and application of the various industrial codes that has caused the chief protest. Here the government's hand has frequently been inept. Labor was not consulted in the initial stages of the process. The industrialists, summoned to Washington to prepare for government regulation, naturally submitted codes with the *minimum of sacrifice on their part and the maximum on* labor's. The government then went to the mat with the employers and announced its version of the code. Recalcitrance from the employers was met with threats of what God and General Johnson might do if they refused to submit. A lengthy interlude of bargaining between the two, with labor outside the conference room, was interspersed with mutual bickerings. The unhappy process was especially marked in the codes dealing with basic industries. And in the meantime labor struck. The result: loss of production, profits and wages, and serious delay in the progress of recovery.

Capital, the second partner of industry, showed its reaction in many cases almost as bluntly. Many codes were so hastily put out that employers were unable to discover what their new duties and obligations would be. Others fought so valiantly against their codes that they were able to delay adoption for many weeks—realizing the weakness of an experiment that had announced no legal sanctions for its enforcement, was perhaps afraid to announce them. Here again the recalcitrance was not the product of evil minded agitators, but of a deep and significant expression of class thought and feeling.

Funds for investment in industry dried up, unlike the European movement, to levels as low or lower than they had been before. The new Securities Act threw additional fright into the already jittery investor. Here again the capitalist, large and small, was waiting for a test of enforcement powers—always a hindrance to new policies in our court worshipping country—and was playing his cards closer to the chest than he had held them before. Restrictions of freedom and curbs on profit will always drive the investor's money deeper into retreat. Competent economists have pointed out that recovery in a capitalist economy still depends upon profits. Increased wages come later to round out the cycle. Yet our program has decided to put wages first, and capitalists show an instinctive refusal to believe it can be done. In refusing, they have kept from industry the money so sorely needed for a sustained upswing.

The consuming public,

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for all its enthusiastic backing of the Administration, has not been able to respond fully to its requirements under the program. Urged on all sides to buy now, to spend, to start money moving into the hands of workers and farmers again, it has agreed, braced itself patriotically, looked into its purse and found too little money there. Much money, it is admitted, still lies in banks and savings institutions. It should get out and do its part in the work of recovery. Uncertainty about the prospects of inflation helps keep it there. The movement of prices is still spasmodic, an affair of momentary advances followed by checks—and often the checks are longer than the advances. A public used to a four-year spectacle of steadily falling prices is not ready to alter its habit of waiting for further fall overnight, supposing it were able to take up the unsold surplus waiting for buyers. Efforts to cajole or frighten it into doing so have not succeeded.

The difficulty which appears to be keeping the United States out of line and far back in the world march out of the Depression lies in the essentially dual nature of our own recovery program. It is not a unified and coördinated effort. Its industrial half is aimed at stabilizing employment and wages and increasing production. Its agricultural half is aimed at raising prices and cutting production. The recovery plan has two quite separate philosophies. The one strives for prosperity through plenty, the other for prosperity through scarcity. A split between them is inevitable.

In that split, the chief victim is the purchasing power of the public. Higher prices for agricultural goods will destroy real wages for the consumer. Cutting production involves not only a cut in farm employment but, in the long run, a cut in farm income as well. If the higher prices are achieved through inflation, which increasingly becomes apparent as the main prop of the price raising campaign, real purchasing power will be still more severely reduced. And on purchasing power the ultimate success of recovery depends, no matter how beautifully, intricately, or boldly the national plan is conceived.

The Administration has admitted with engaging frankness that the program is entirely experimental, and that if it does not work it will be quickly flung into the wastebasket. The brilliant young minds who help administer the program have gone further, confessing that failure in the program have gone farther, confessing that failure in with the government taking complete possession of the national economy. Candor is always refreshing and in government officials a rare and beautiful sight; but candor that amounts to threats is frightening. It frightens the very forces the government must seek to strengthen, if it is to preserve the system in which those forces work and have their existence. The proponents of the recovery program have said repeatedly that they intend to preserve the system that has obtained in America since its foundation as a nation. When subsequent words and actions deny the first assurance, it is small wonder that capitalism becomes alarmed and cries for rescue from such friends. And smaller wonder still that it is unable to respond with the recovery so ardently desired by the planners and the planned alike.

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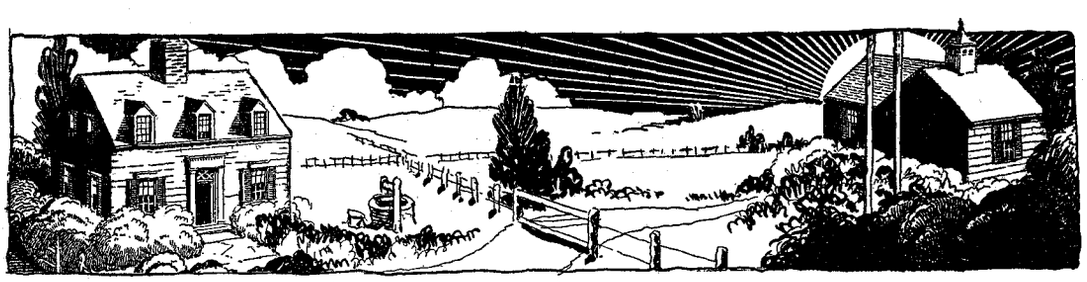
Perhaps the time is not ripe for such wholesale experimenting as we are now witnessing. Economic recovery, as we note its greater progress abroad, seems to carry on without human control. The failure of the greatest attempt yet made at control of world economy has had little influence upon the upward trend. Even the lack of national planning abroad has not checked its progress. Perhaps the truth is that capitalist economy is not built to submit to organization; to be controlled, its essential nature must be changed. One country only shows consistent improvement as the direct result of planning, and private capitalism does not exist there. In the meantime, planned recovery in the United States is finding the road slow and difficult, and its results so far compare poorly with conditions in countries that have failed to attempt it.



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The Rise of the Commissars

By Forrest Davis

Pareto's little known theory of the "circulation of the elite," is used by Forrest Davis to prove that the ascension of the brain truster is not a local accident but is the sign of the emergence of a new ruling class in the world.

THE other weekend two worldly academes indulged, without relationship except in time, in bold utterances; so forthright, indeed, that they moved the staid *"London Times"* to label them the most remarkable political declarations to originate in the United States "since 1776." It is not so important that Dr. Tugwell and Mr. Berle managed to startle *"The Times,"* nor what they said, although both professors spoke in novel patterns. Mr. Berle, in a Sunday magazine article, warned his countrymen that a collapse in the Roosevelt recovery program might bring on a Government *coup d'état,* which would, in all likelihood, sovietize the Republic, expropriate property and ration material blessings through red consumption cards. Dr. Tugwell, in an address, scoffed at the suggestion that the Government would "crawl back to the old ideas like a wounded animal to an abandoned den." He declared uncompromisingly for a new distribution of "over-concentrated" wealth to the poor.

The significance, I repeat, lies not in the professors' revolutionary intimations. It rests in the trustful estimate placed by the "Thunderer" upon the official authority of Dr. Tugwell and Mr. Berle. *"The Times"* patently regarded the professors—two of the three wise men, the other being Dr. Moley, a recent apprentice to journalism, who constituted the President's original, pre-convention "brain trust"—as responsible statesmen in the European sense; its editors assumed that the professors spoke with the voice of Authority.

This English assumption illustrates, and chimes with, a growing conviction this side of the Atlantic that the "brain trust"—a generic term describing a corporally indeterminate group of Government officials, functionaries, experts and technical advisers, temporary and permanent—exerts growing influence; that it is, in fact, the commissariat of the New Deal, a rising clique busily absorbing power in Washington. In this ninth month of the New Deal, the controversial air remains thick with talk that we are undergoing a revolution; that we are at least in the incipient stages of a reorientation of our profit economy, political method and individualistic folkways.

Whether that analysis is, or is not, true, no articulate American but knows where to lay the blame or credit for such tendencies toward change as he detects. Advanced liberals rejoice in the establishment of the new bureaucracy. The "brain trust," it is maintained, closes the gap in government between the ox cart and the airplane, radio controlled, which spans the continent between dawn and dusk. Americans, old-style, distrust the experts as a band of impracticals who have seduced the President into an unrealistic, slightly *ga-ga* reliance upon objective sociology, unconventional economics, logarithms, projected graphs and plain statistics; away from the rule of thumb methods which were good enough for Washington, for Lincoln and for Hoover.

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No observant visitor to Washington may doubt that the new men—Roosevelt's commissars—wield extraordinary power. They formulated the Administration's currency and credit policy; they are solidly in control of the vast agricultural scheme; in part, they man NRA; General Johnson, at times a bewildered functionary, is driven more and more to rely upon the experts. Their mathematical formulae outweigh the empirical judgments of politicians and business men. The White House sounds a demand for the unprejudiced "facts" and a loyal bureaucracy springs to arms with charts. Mark Sullivan, a shrewd, traditional journalist, repeatedly insists that the country is being run by statisticians.

If the new bureaucracy is so firmly grounded in power, what of its prestige? The readiest answer to that resides in the ease with which the government recruits its new governing personnel. Thoughtful young Wall Street lawyers, business economists, professors, intellectuals, trade union bureaucrats, flock to Washington at the faintest invitation. The distinction of serving the Government —nights, weekends and holidays—expertly, without regard to small politics, appeals, in 1933, to an astonishingly large number of able men.

The sense of power, as well as of accomplishment, grips these recruits from private life. Coming out of a constrained, demoralized atmosphere in business, they enjoy the roomy decisiveness of an experimental bureaucracy. The universities feel the pull toward Government as a career. Deans of admission reported this fall that ambitious students were turning in large numbers away from the old bents toward business preparation. They asked for courses

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which would point them toward the "brain trust."

The aggregate of these phenomena is impressive. For the first time, outside the World War time, a self-conscious bureaucracy, garbed with power and prestige, is rising in our Government. What light do we find elsewhere?

In the post-war revolutionary States of Europe—notably in Russia, Italy and Germany—the collapse of democratic forms and parliaments has been accompanied by the upthrust of a new type of bureaucracy. The decline of politics and free capitalistic enterprise have attracted, together with the enhanced prestige of the State, whole generations to government service. A new ruling class has taken charge.

It becomes evident, under even superficial study, that in vast stretches of Europe, Pareto's "cycle of plutocratic demagogy" has come to an end. Pareto, an Italian sociologist, used that terminology to characterize the democratic, parliamentary organization of the modern State; a system that took its rise with the bid for power of the middle classes in the classic French revolution, spread to England with the Reform bills in the 1830's, to Germany and Italy in the last third of the century with Bismarck and Risorgimento; and to Russia, belatedly and momentarily, in February of 1917. The democracy with which we are familiar, according to Pareto, resulted from the new preponderance of a certain type of elite; the speculative, commercial man. This man vanquished the old land holding and sacerdotal classes and established parliaments as a ruse to keep himself in power without the use of private force.

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Are we in the United States, also, nearing a crisis in the "cycle of plutocratic demagogy?" Are our plutocratic demagogues—the practical business men and politicians who have ruled the United States, oldest of the great middle-class democracies, since our first Revolution—about to subside before an emergent type of *commissar* (a new ruling class), as the aristocrats and clergy gave way to the trading class from 1789 onward? Do we find ourselves in the midst of a new allocation of power, a historic shift from an intrenched, but outworn, class to a vital new grouping? Are we, too, discarding political democracy and an individualized economy in favor of the omnipotent State; a vast organism governing our daily relationships as minutely as the Soviet or the Nazi Governments, for example, and throwing up a strong, aggressive administrative type?

The questions open the way to interesting speculation; their answer may give us a new road of approach to the nature of our own evident changes.

Pareto did not invent the analysis of historic cycles by means of the rise and fall of classes. Gaetano Mosca, a countryman, preceded him there as did Georges Sorel, philosopher of the syndicalist movement. What Pareto did was to embody an incomplete hypothesis in the monumental framework of his sociological system; a work which, once translated into English, is likely to create an intellectual tempest similar to that aroused by the publication here of Spengler's pessimistic forebodings. The son of a Genoese marquis, Pareto passed most of his creative life teaching economics at Lausanne University in Switzerland. In his later years, he set about to erect a mathematically scientific methodology for sociology—as he had done for economics. Immensely learned in history, metaphysics, economics, anthropology and the pure sciences, an intellectual Olympian, Pareto sought to establish criteria by which a society at any given stage may be accurately and objectively analyzed.

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Disdainful of Karl Marx as a social scientist, on the score that his system is partial, doctrinaire, concentrated on only one of many aspects in a complexus and, above all, shallow, the Italian has become anathema to Marxists of all hues. Aggravating the antipathy, Fascist intellectuals seized on Pareto for justification, as they had on Machiavelli, Nietszche, Eucken and other dialecticians. Mussolini made the venerable scholar a Senator of Italy. A man reputed to hold his contemporaries in prodigious contempt, it is doubtful if the scorn of Marxists or the favor of Fascists troubled his deep age. He died in 1923, a year after the March on Rome.

An immediate value of Pareto's contribution toward estimating political developments in Europe and this country lies in his theory of the "circulation of the elite." Using that yardstick, it becomes apparent that in the powers which have been transformed since the War, a class conflict has been in play; a struggle not equivalent, outside Russia, to Marx's doctrine of the class war, wherein one economic group, the proletariat, inevitably seeks to subdue another, a stereotyped "capitalist" class. The Marxist analysis accounts for all cyclic change in terms of a narrow "war" between two amorphous bodies, the bourgeoisie and the proletariat. Pareto's method admits gradation and definition. He is subtle, where the German professor was blunt. He sought, as an abstract scientist, to reckon all factors; Marx, with didactic 19th Century assurance, ruled out all considerations save economic materialism in constructing his evangelical representation of social problems as a collision between an exploiting and an exploited class. Pareto saw Marx as a self-constituted redeemer, preaching a holy war. Pareto, his interpreters maintain, includes Marx, as he encircles all dogmatic schemes. It is said that he sought truth; Marx, action.

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Employing Pareto's thesis with respect to the effect on society of new relationships between classes, or the introduction of new types, we find the confused pattern of post-war Europe simplified. Penetrating beyond the slogans and professed objectives of the latest Caesars—the proletarian banner of the Soviet revolutionaries, the Aryan hegemony in Germany, Mussolini's concept of the mystical State—we discover wide areas of similarity between Lenin, Stalin, Hitler, Goebbels, Mussolini, Balbo and their followers. They represent, as accurately as the Third Estate in the French Revolution, a new ruling class come to power; a new type of authoritarian which rose on the ruins of democratic parliamentarism in three of the five great States of Europe.

The similarities in their behavior are convincing. In all three States liberalism—the humanities that grew up under

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the "soft" rule of the plutocratic demagogues; freedom of speech, assembly and the press; the right of a citizen to be unmolested in his home; majority rule—has been ruthlessly destroyed. Stalin, Hitler and Mussolini alike despise tolerance as an unbecoming weakness. Minorities, whether economic as in Russia; racial as in Germany; political as in Italy; are clubbed, jailed, exiled, or assassinated.

The new regimes, rising to power through bloody violence, continue to visit "the Terror" on their populations. One sees no functional differences between the Red Guards seizing Petrograd in the October rising; Mussolini's pitiless Black Shirts ravaging workers' villages with machine gun and hand grenade; and Hitler's spectacular Brown Shirts skirmishing with Communist guerillas in Berlin suburbs on Sunday afternoons. Criticism of policy or person, which even royal despots have at times allowed, is punishable by death in Germany and Russia; sharply suppressed in Italy. Only one political party is permitted in each country; the Reichstag, the Chamber of Deputies and the All-Union Congress of Soviets, each is kept under the iron heel of "the Party." The three Governments are equally warlike. The Marxist in Russia, the Nazi in the Reich, the Fascist in Italy, each extols war as a prime virtue—if fought in the proper class, or national, interest. Only the unremittingly savage, it appears, deserve power.

If the political methods, the techniques for control of the masses, appear as alike as peas in a pod, what shall we say for the economic standards of the new autocracies? Here, too, the similarities loom up surprisingly. Your Communist, Nazi and Fascist, each in his fashion, is a radical dissenter from economic orthodoxies. The State, it is affirmed, is supreme over the economic canon. The authority of Adam Smith is denied equally in Moscow, in Berlin and in Rome.

The Soviet Union abolished private property and established, eventually, a State Capitalism, which, for all its theoretical egalitarianism, distributes income and prestige unequally. But Lenin, Stalin *et al* have legislated the profit incentive, the law of supply and demand and other classic formulas out of existence. They are innovators. Hitler proceeds to *Nazify* Big Business, assert the control of management for the State while leaving an impaired ownership to his subjects and plots, as does Stalin, a wholly self-sufficient economy, an autarchy—the bane of old-school economists. Mussolini would like to substitute a chamber of industries for the Chamber of Deputies, organize Italy along syndicalist—or guild—lines and set up a homogeneous, corporative economy.

The gist of the matter is that all three governments exert the political power over the economic; setting aside textbook laws to permit rigid, State controlled reorganization of industry and trade.

Extending the analogies further, the commissar of all three revolutions substitutes other rewards—power and prestige—for money. The speculator, the business enterpriser, reputable under a plutocratic demagogy, is suspect even where he is not exterminated. The revolutionary bureaucrat is the new model for youth; not the millionaire. The Nazi platform forbids war profits, condemns land mortgages and frowns on interest as usury. Hitler has adopted the medieval Canonists' position. Private trading is *declassé* in Russia (Maurice Hindus tells of a young Communist who cannot restrain her distaste for an American girl whose father *employs* 40,000 workmen) and in the other countries it is subjected, in greater and less degree, to the State.

As for the social objectives: Lenin and Mussolini, both Catilines; and Hitler, the cautious demagogue; all professed to be acquiring power for the good of their fellows. Lenin, for the proletarian at the moment, the classless society in the future; Hitler, for all obedient, blond, Aryan Germans; Mussolini, for all Italy. No revolutionary *élite* ever professed aught for mankind but good. It is a trick of the trade. And Marxists have no monopoly on pious affirmations.

Binding the three regimes into still another solidarity, is the doctrine of the aggrandizement of the State. The State stands supreme above all interests, all values, all institutions. Where stood the Little White Father, there now exists the sanctified dictatorship of the proletariat expressing itself through the State. In Fascismo, the State becomes at once the mother and the sentimental resurrection of ancient, virile Rome. Hitler sees the Reich as the exalted, visible manifestation of a blood brotherhood; the old family tribeship of the Hun.

"Everything within the State, nothing outside the State, nothing against the State," said Mussolini. He might have spoken for his colleagues in the other emergent ruling classes equally as well.

In that setting, the State sheds significance on its servants. It imparts a high sanction to the military and civil service. The commissar becomes one in a new priestly order. At the top, he definitely reaches sacerdotalism. Witness the veneration of Lenin's body in the Red Square at Moscow, the semi-deification of Il Duce; and the metaphysical nobilities attributed to Hitler by the devout.

Within the States under consideration, the old orders topple. Politicians, lawyers, a free intelligentsia, decline in significance and rank. Parliament is extinguished, the law as an abstraction standing outside the State to shelter and reconcile is an anachronism, journalism in all its forms is swallowed up by propaganda. The banker, industrialist and merchant, where he is not exterminated functionally, becomes, too, a servant of the State.

Vigorous youths, shut off from the traditional outlets, hasten to enroll under the banner of the State. That is the reason the best brains in Russia, Germany and Italy, "best" in the sense of most effectually relating their possessors' to their environment, are attached to Government service in those countries.

We have here a picture of the new ruling classes in revolutionary Europe; a view in rough outline serving our purpose. Out of what general situation did these classes eventuate? The new intolerant, undemocratic dictatorships — reactionary all, from the standpoint of liberal civilization — were rooted and flourished in an atmosphere which rejected the old leadership, the old modes. Plutocratic demagogy had decayed in Italy and Germany; the imperial regime in Russia was a discredited shell. In Italy, the parliamentary ruling class, which had held power from the rise of the kingdom, suffered from dry rot when Mussolini determined to seize power. Gifted at intrigue, it could not positively rule the country and juntos from D'Annunzio's Fiume adventure to insurrections by workers' soviets went unpunished. Mussolini reaffirmed the sovereignty of the State. The German people witnessed the enfeeblement of their parliamentary regime from Weimar onward. Usually the product of a coalition, the

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Reich lacked decisiveness. The partially cartellized industry of the country failed progressively to insure the well-being of the masses. Hitler, with his oratorical hokum, theatrical private army and nostalgic primitivism, at least offered an alternative to the policy of drift. In Holy Russia, the plutocratic demagogic order crumpled under the responsibilities of power and if, in October, 1917, Lenin had not wrested it from Kerensky, resolute Czarists might easily have done so.

How does our expanding "brain trust" compare with the new ruling type abroad? Externally, there is little likeness. We have, apart from the President—a mild dictator, if he may be so characterized at all—no autocrat on our horizon. No private armies, melodramatically challenging the State; no open assault on the comfortable liberties of the citizen apart from the novel discipline of NRA. Luckily, if we are indeed in a revolution, our revolutionists proceed within the framework of the law. In theory a classless State, and certainly free from the inherited façade of privileged castes that marks old Europe, America is not class-conscious.

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Outwardly, then, the "brain trust" does not take on the color of the ruling class by revolutionary European definition. The United States escaped defeat in the World War; its piled up reserves have enabled it to survive a protracted depression without widespread civil disorder. The farm strikes, the industrial strife following settlement of the codes on reluctant industries, have not approached factional conflict.

But one factor is visible in this country as it was precedent in the European States under examination before their overturns—a diffused, deep-seated and cynical mistrust of the old leadership, in parliament, i.e., Congress; in politics and, assuredly, in business. Wall Street lies under as heavy a cloud of disapproval in the United States in 1933 as the nobility in the Russia of 1917. The difference is that, whereas the American people have lost faith in their leaders, they may still trust the American system.

The "brain trust" profits by this mistrust of Wall Street and Congress, a resentment fed by accumulating disillusionment after the stock market collapse in 1929, by loss of savings, jobs and faith; and, especially, by the revelations of sharp practice on high disclosed before the Senate Committee on Banking. "Let's try the professors; they can't be any worse than the bankers," about sums up the popular attitude during the first few months of the New Deal. An extension of that feeling resulted in the convulsive rise of the new ruling type abroad.

Whether or not the "brain trust" may be taken as the first, rudimentary signs of an arrivist ruling class in this country, by getting under the surface, one finds appropriate analogues. For example:

A generalized theory held by the "brain trust" declares the old regime in this country, the unbridled system of finance capital, to be ineffectual, socially destructive and out of date. The old order of things definitely is held in lively disrespect.

The New Deal, shadowily in practice but firmly enough in the utterances of the President and his principal bureaucrats, implies paternalism. Worked out to its logical extent, the Roosevelt program would undertake a true hegemony over business. There is no lack of intimations from members of the "brain trust" that the Government may be compelled to "nationalize" industry, the great services such as transportation and agriculture.

Since March 4th, the Government has emphasized the importance of the State; the political as distinguished from the economic arm.

Our new functionaries keep an open mind toward revolutionary change. They profess no dread as they speculate on a future which may drive us toward collectivism: Sovietism, or Fascism.

We find in the "brain trust" a condescending attitude toward wealth and material rewards; a state of mind noted in all three of the revolutionary countries. The President makes no bones about his aversion for the "money changers," the manipulators, bankers and traders of Wall Street. The aloofly critical mood is maintained toward profit makers, pretty much through the New Deal's civil service.

Furthermore, the toploftiness of the European bureaucrats toward parliamentary democrats and liberals finds its counterpart here in the assumption of the "brain trust" intelligentsia that their precise methods of arriving at decisions relegate the balancing compromises of the politicians and the self-interest of the business men. Their theory is that a civilization which depends upon mathematically careful premises before erecting the steel spires of a Radio City, digging a vehicular tunnel, exploring an atom or accepting a new aeronautical principle must, in time, adopt precision methods likewise in launching a new fiscal policy or drawing up a budget. The quality of inevitability, evident in Marx, is here also apparent.

The "brain trust," if it is indeed the first manifestation of a new class aspiring to assert power over the American State, will not have an easy time on its ascent. The brunt of opposition to the Roosevelt program falls on the "brain trust." The line of attack of the conservatives is deployed along that sector. The business type, suspicious of formulas, preferring to make instantaneous decisions to meet the problem of the moment, distrusts the intellectual programmist in government as much as the expert detests him.

The rudimentary new class in America marches without banners and without an army. It has no ideology apart from the platform it helped put together for the President; no such dynamic appeal as "free land and peace" to the Russian soldier and peasant; repudiation of Versailles and race prejudice as in Germany; a return to civil peace and the re-creation of a strong, united régime in Italy. It has no party, which is a consequence of the lack of an ideology.

Believing that advancing technology, the fundamental change from an economy of scarcity to a dispensation of plenty, and the defects in unrestrained capitalistic enterprise have doomed the old regime, the "brain trust" intelligentsia may yet lack the will to accept responsibility for creating a new one. The history of the post-war revolutions in Europe shows that almost any group that is resolute and does not shrink from the responsibility of rule may capture a disillusioned plutocratic demagogic State. That is the plain lesson, in truth, in the European revolutions. When countries, such as Russia, Italy, Germany, Spain, Turkey, Austria, etc., reach a point where their mistrust outweighs their attachment to the old set-up, they are ready to be captured by a new ruling type.

Whether the "brain trust" possesses the courage and vitality actually to take over our Government before reaction sets in or we haply return to a state of blissful prosperity remains to be seen.

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Men of Cablese

By James E. Abbe

Who are the people who are responsible for forming America's opinion of foreign countries? They are the men of the American foreign press corps, described by James E. Abbe, who has studied them at work in many European countries.

WHAT one country thinks of another is the everyday headache of the Foreign Offices of the world. What the man on Main Street thinks of the man on the Unter den Linden may never cause a war, but it is certainly responsible for creating a spirit of good feeling or a spirit of bad feeling (whichever the case may be), of which the State Department must always take cognizance; and which must be the ultimate measurement of sovereign success when the Foreign Office is finally forced to admit defeat, and turn over its task of adjusting international relations to the War Department.

One may only read the headlines of the foreign dispatches which appear in the American press, or read the dispatches themselves with such cursory interest as never to bother to note the identity of the author, but in the reading, some impression is left of the country which is the origin of the story in question. To absorb, day after day, even year after year, in his regular newspaper, one fixed impression of a foreign country and never inquire into the background, the training or capability of the man who is responsible for thus subtly moulding his opinion, is a significant failing of the American reader.

American newspaper owners spend more money to supply their readers with foreign news than does the press of any other country in the world. What the populace thinks of France, of Germany, of England, of Russia, at any given moment, is almost entirely a matter of what they read in their daily newspapers.

This opinion comes to us in terms, almost always, of a report on some act, or some action. Yet, regardless of the American newspaperman's training to be personally opinionless at all times in what he writes for his paper, what he feels toward the foreign people whose activities he is reporting must inevitably, to some degree, be reflected in his writings. If it is not there in actual words, it may be there in *what is not there,* in the simple exercise of the power of selection.

The ideas and conceptions of most European countries which we take from the daily American press are, in most instances, coming to us over or around two barriers—one of censorship, the other of that strange medium of expression known as *cablese*:

VONNEURATH PRECONFERENCE EXLONDON BERLINWARD TODAY ASSERTING CONFEREES PLOTTING ACT UNGENEVA AGENDA.

This is an example of cablese which might have been written by a London correspondent who simply wished to inform the readers of his paper that "Konstantin von Neurath, Foreign Minister of Germany before the opening of the World Economic Conference, left London today for Berlin, asserting that the American delegates were planning to move for a course of action contrary to that agreed upon at the preliminary conference at Geneva."

Perhaps it would be proper to inquire: "Well, why didn't he say so?" And the proper reply is: "The cable company charges by the word."

Cablese is not in the strictest sense a code. It is merely a device of economy. It is *supposed to be* intelligible to everyone who handles the message, particularly to the cable editor in the home office of the newspaper who is responsible for "decoding" it and preparing it for proper, formal appearance in the next edition of his paper. Most particularly to him.

Cablese is not a device to avoid censorship. It may accidentally at times (but not often) achieve that end. It is done for sweet economy's sake. Its limiting and cramping power to complete and free expression should be obvious. Press censorship such as that exercised in Germany, Italy and Russia is indeed a power to contend with. Foreign correspondents work constantly under its handicap. At times when it is unduly severe it may cut two ways. It may be a boomerang. Whenever and wherever a chink is found in an armor of ruthless censorship, it is probably little less than human that the stories of atrocities, and reported atrocities, are filed first. Somehow, the foreign correspondent, always harrassed, even under the most ideal circumstances, to keep his lines of communication open to his home office, working against the unjust loyalty of the censor's blue pencil, feels that copy that would make good travel propaganda can somehow wait for the next boat.

The game of dictatorial governments is to remain in power, continuously to further national ambitions, and to control, as far as possible, the sending out of news which affects national interests. The American and British resident correspondents in the capitals of the three greatest dictatorships are the bane of Foreign Office existence. The French correspondent is an *enfant terrible* in any land whose interests conflict with those of La Belle France. But the American correspondent tops the list, because of his love for "a swell story," and because the United States is still an amateur in international affairs, and to a greater degree detached from the world's principal arenas of contention and conflict.

On the night of January 30, 1933, H. R. Knickerbocker of the *"Philadelphia Public Ledger,"* and Edgar

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Mowrer of the *"Chicago Daily News,"* stood just behind the writer in an open window of the Foreign Office overlooking Berlin's Wilhelmstrasse, as thousands of torch-lighted Nazis marched, singing and saluting, past Adolf Hitler in a window across from us. These two reporters did a lot of muttering. When a human pyramid of Nazis projected an agile member all the way up to Hitler's window, they were ominously silent. And when the adoring, agile Nazi handed Hitler a rose, I thought the disgust of my compatriots would result in my being pushed off the windowledge, as I was the nearest object.

An hour earlier these two had started laying back their ears in the same building, when several hundred foreign correspondents had been gathered together in the smoky atmosphere for their first taste of discipline under the newly created dictatorship. Those "goings-on" of January 30, 1933, made a great story for reporters. But there wasn't a foreign correspondent there who failed to realize that the good old days of a free press were doomed.

And when the "Jewish atrocity" stories began to break, they made the most of the situation. "Hand-out" stories about how the Nazis were going about "putting Germany in order" did not somehow get the play in the foreign press which the new government had hoped for.

Today, ten months after Hitler came into power, the men of *cablese* file their cables and wait. Often they get a telephone call from the press censor, objecting to a part, or all, of the cable. It depends largely upon the mood of the correspondent as to whether or not a compromise is effected. If the correspondent resists, he still has the chance of telephoning his story to his Paris or London office. On the other hand, he may be confronted later with a phonographic record of his story, made as he telephoned, which includes every *"and, er—"*every throat-clearing; every verbal inflection; every aside. It then becomes a question as to whether or not he can give satisfactory explanation as to why he had circumvented the press censor, as well as to whether he could produce conclusive evidence of the correctness of his story. Also the correspondent must know in these circumstances how far he can count upon the support of his Ambassador, or Consul, before he weighs the amount of pressure which can be exerted in his behalf.

"Mailers," or stories sent by mail, are one means of getting around censorship. But they are usually too slow in transit for spot news. Besides, personal mail may be opened in either Germany, Russia, or Italy. Sending out copy by travelers is often resorted to; but now and then a traveler loses his nerve, and turns over the copy . . . or the mailer comes to light when he is obliged to turn his pockets and luggage inside out to prove that he is not taking gold out of the country, or more than the permitted amount of currency.

In Moscow, the correspondent sends his chauffeur or secretary to the Foreign Office, where the press censor reads and initials the cable, which is then taken to the government telegraph office, where it is filed. If the cable story covers a delicate subject, or one the correspondent knows will lend itself to "killing' 'or deleting, he goes himself, prepared to make the best bargain possible. Frequently, he puts in more stuff than he has any idea will pass, in the hope of saving something out of the wreck.

Every member of the Soviet press censorship is a Jew. They vary in ability, of course, but they are all well informed on foreign affairs, understand American slang as well as English, French, German and many other languages. At least one of them is supposed to be a member of the Gay Pay Oo, the Soviet secret police, and there is not much they don't know about the private lives, opinions and political tendencies of the correspondents. There is not a single resident correspondent household, including hotel residences, which does not provide at least one Russian secretary, chauffeur, or servant of some kind, who is obliged to report to the Gay Pay Oo on the habits, customs, statements and particular characteristics of his or her employer.

What America feels and thinks about Hitler-Germany today is the result of the effort unconscious or otherwise of members of the American Corps of foreign correspondents. That is one example. On the eve of recognition of Russia, many Americans woke up to inquire why they no longer thought of the Soviets as a "world menace," as "a threat to the very sanctity of their homes." Just another cumulative effort of the men of *cablese*.

Here are some of the better known (or they should be) leaders in the field:

H. R. KNICKERBOCKER. A by-line most often seen over long, interpretive news-stories from Europe. It belongs to a quick moving, self-reliant, self-confident correspondent, naive enough to admit, practically to boast, of the value of a newspaper career which begins in the Columbia School of Journalism. Knickerbocker enjoys a success in his chosen profession which permits such bestowal of credit to receive respectful attention, even among the oldtimers who as a rule scorn the products of journalism schools, believing only in "born newspapermen." Chief among his assets as a foreign correspondent is a capacity for sensing copy which will be weighty with significance when it appears across the water in the American press. He has a long-range view of political trends; is more interested in trends than spot-news stories. He is quick to lose interest in any situation which will require building up in order to appeal to an American reading public, proverbially and provincially disinterested in European affairs. His early European training was in the Hearst foreign news service. He was an INS man when he succeeded Dorothy Thompson (Mrs. Sinclair Lewis) as the *"Philadelphia Public Ledger"* correspondent in Berlin. Quick at sifting current facts, quick at detecting the relevant from the irrelevant, writing directly in *cablese,* he is usually the first of the gang to get back to the Adlon bar after the breaking of a big story in Berlin. His is the quintessence of casualness, the ultimate pose of all good reporters.

Reporting entirely from a foreign viewpoint, he toured fratricidal Germany during the winter of 1931-32, wrote 90,000 words in forty-eight days and never missed a cable filing in a complicated and ironclad publishing schedule on which his running series recounting the economical and political death of one more Germany (the one before Hitler's) was published in the American press. After serial publication, and after only a minimum of editing, the 90,000 words again rolled from the press, this time in book form to become a best-seller in Germany.

Up to the time of Hitler's ascent to power, Knickerbocker's income and prestige topped that of any other

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foreign correspondent. After having diagnosed Germany's ailments with uncanny skill, he found it difficult to remain detached and unaffected when Hitler stretched Germania out on the operating table. The discipline of dictatorship riled him. He became marked by the Nazis as an observer out of sympathy with the new régime. The market for his books and lectures in Germany fell. Red-headed, inclined to be quick of temper, he felt personally affronted when the principal medium for his daily writings in the United States, the *New York Evening Post,"* turned tabloid. He is now back with Hearst on that most perfect of all newspaper jobs—a roving world assignment. His influence in the profession of reporting has been considerable.

FREDERICK T. BIRCHALL. A newcomer to the American press corps in Europe, Birchall is possessed of the quaint idea that a foreign correspondent should work. This pet theory is causing a sensation among newswriters in Europe. It is not a naive enthusiasm of youth. Birchall, who is sixty-three, was for eight years acting managing editor of the *"New York Times."* After years of inner office pressure to give up his British citizenship, in order that the qualifying and embarrassing prefix "acting" could be removed from his title (British citizenship seemed in some quarters an anomalous allegiance for the head of one of America's greatest and most influential newspapers), he resigned, to be succeeded by Edwin L. James, long the *"Times"* correspondent at Paris. Birchall's acceptance of a general European correspondent's post for the *"New York Times"* was taken as a graceful step to complete retirement and journalistic oblivion. The expected has not happened. Now he covers Europe with all the enthusiasm of a cub at his first three-alarm fire. Marveling at the excitement which his own enthusiasm creates, he frequently exclaims: "Gee! If I'd known reporting was this much fun I'd have given up running *'The Times* years ago!" Birchall's "leg-work" was the sensation of the London Economic Conference. His reports on the birth of the Hitler régime were detailed, comprehensive, filled with surprising sidelights which only new eyes could see, and, appearing in the staid *"Times,"* seemed a bit startling for their *exposé* character. A martinet troubled with a fatherly nature, he has a sense of humor. One of his favorite stories is concerned with his own pink whiskers.

WALTER DURANTY. His daily writings under a Moscow date line have done more than anything else to influence American opinion in favor of the Soviet Union; and this is but one of many strange contradictions about this employee of that paragon of the capitalist press, the *"New York Times."* He is not an interpreter in the sense that Knickerbocker is. He is a straight reporter who has a flair for the bizarre in a land where most things are bizarre to foreign eyes. Duranty is a British subject, unbeloved by the English embassy in Moscow. Although frequently criticized as being rabidly pro-Soviet, he has written many critical accounts of the breakdown and shortcomings of the Five-Year Plan. His cabled reports, when carefully read on this side of the water long after the morning coffee is cold, have a trick of seeming to say one thing, and yet of leaving the impression of attempting to convey quite another, over and across the intervening barrier of the Russian press censor. During his eleven years in Moscow, there is no record at the Soviet Foreign Office of his ever once having jeopardized his standing with the Soviets; and yet, to all readers of the capitalist *"Times,"* he appears to be reporting without bias, as an outsider would see it, the progress on the world's most contentious problem, the building of a communist state in a capitalist world. In his assignment of technically covering the activities occurring in 8,000,000 square miles of the earth's surface, Duranty is practically a one-city reporter, Moscow. Compared with such a correspondent as William Henry Chamberlin, of the *"Christian Science Monitor,"* Duranty has seen little of the Soviet Union, and even less of its 160,000,000 inhabitants. But he has the knack of reading between the lines of Soviet newspapers, and of whatever Soviet state documents are made public, getting more of the truth from them than 99 out of 100 Russians. He reads and speaks Russian, a rare qualification among foreign correspondents who are covering the Union of Socialist Soviet Republics. He also has an excellent command of French. His German is weak.

CARL VON WIEGAND. He is "Hearst's man in Europe." Perhaps best known to his American following (long flattered as the "people who think") as the gallant who changed typewriter ribbons for Lady Drummond Hay in her *Graf Zeppelin* flying days, he has covered more big stories in different parts of the world than most foreign correspondents. Between the occurrence of these big stories, he is not so much a regular working correspondent as he is Hearst's news generalissimo on the Continent. He seldom uses the same news sources as the other correspondents, for he fancies the role of "dean of the corps," with a bit of the Richard Harding Davis tradition of "lone wolf" thrown in. He always sees news in terms of scareline heads emblazoned on pink- or peach-tinted newsprint. Hearst maintains a suite of offices in Berlin; Von Wiegand is seldom seen there. He prefers to write his stuff in the seclusion of his apartment in the Adlon Hotel, Berlin. Big spot news stories, even when he arrives first on the scene, seldom excite him.

HAROLD E. SCARBOROUGH, of London. This *"New York Herald Tribune"* correspondent frequently covers international conferences and other big stories on the Continent. He is technically a chief European correspondent, but he remains, as he frequently signs his cables, "Scarborough of London." His early training was on the *"Baltimore Sun,"* but he reflects little of the editorial breadth and flair of H. L. Mencken's favorite newspaper. He is cautious, conservative, the 5:15 commuter of the foreign press corps. The restrictions of *cablese* seldom succeed in cramping the expression of his thought. He imports his pipe tobacco from the United States.

JOSEPH B. PHILLIPS. This youthful Kentuckian was on his way to being one of America's ablest local newspapermen of the younger generation, accurate, concise and forceful in the quieter way, when he escaped into the land of *cablese.* He was given a quick, general European training before he was established as the Rome correspondent of the *"New York Tribune"* foreign service. His account in 1932 of Jimmy Walker's train ride into his mayorial Elba was one of the finest pieces of newspaper work of the year in which it appeared, or of any year. Phillips is thoroughly grounded in the

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international significance of Fascism, knows how and why it really works in the land of its nativity. A precocious master of diplomacy, seldom in trouble with the Italian press censor, he is one of the most reliable of American foreign correspondents. He made himself an expert on the politics and relationships of the Vatican and the Fascist government. A disciple of Stanley Walker, he was born with the air of casualness, which Knickerbocker and all good reporters display as an acquired badge of proficiency.

EUGENE LYONS, *the U.P. in Russia,* is a writer. He feels things intensely. If, after he had been a year in Moscow, he had better understood the things in journalism which "simply aren't done," he would have got it into his head that Stalin would not be interviewed. Duranty, Chamberlin, any of the oldtimers could have told him, probably did; but Lyons was young, naive, and out to make a record. So he sat down and wrote Stalin a cub reporter letter asking for an interview. He was received within two days. Duranty went up in the air, even to the stratosphere, and was promptly received by Stalin. But nothing could change the fact that Duranty got "place," while Lyons was the first by the judges' stand.

Lyons has seen many things happen, and he construes and interprets them in the light of that past experience. When he cables a story from Moscow, he tells himself: "I'm an agency man. I must stick to the essentials of that which has happened." When he does a mailer he lets himself go somewhat. If he ever does a book on Russia it should be an illuminating and passionate thing, the emotional as well as mental reactions of an idealist to a cold-blooded attempt to build up Socialism.

Lyons is a Jew who burns with the indignation of a humanist, a lover of fair play. He covered the Sacco-Vanzetti case, wrote a book about it, which just missed being a good one because of varnishing the picture with too thick a coat of sentimentality.

As the New York correspondent of *"TASS,"* the official Soviet news agency, he did fine work reporting what he then considered the disintegrating capitalist society. The United Press sent him to Russia, and his ideals have suffered shock after shock during the past five years. If he knew a place on earth where he thought people were sincerely and unselfishly trying to better humanity, he would hurry there. But he doesn't, and so he remains in Moscow, and takes it out in self-reproach that he is not the fighter for the rights of under-dogs that he was in his younger, more radical, days.

JOHN GUNTHER, Vienna correspondent for the *"Chicago Daily News,"* is an expert on the manner and method by which America gets its news about Europe. As a result, he is more inclined to be interested in the method, and the reasons, than in the news itself. He enjoys the European way of life; other things, in his scheme of thinking, become secondary to that. He is a two-hundred-pound connoisseur of good food and good liquor, an expectant author of a book which will cover these two favorite subjects. It should have great influence on the American palate.

JUNIUS WOOD. An incorrigible protester, imbued with the idea that there is a right and a wrong way of doing everything. He has recently been moved to the Berlin post vacated (at the request of the Nazis) by Edgar Mowrer of the *"Chicago Daily News,"* Mowrer going to Tokio. Because he is no less an individualist than Mowrer, his new assignment should provoke fireworks. He is outspokenly frank in his personal opinions of people, but he has that excellent trait of the well trained correspondent—he never considers his own opinions as news. He is an oldtimer, and had worked in all parts of the world when, a few years ago, he bought a farm in Illinois and decided to settle down. He couldn't; the lure of newspaper work was too much for him. He went to Tokio, and thence to Berlin. He arrived in Moscow in 1927 and, two days after his arrival, had instituted an important reform in the press practices of the Soviet Foreign Office. The feat was merely the expression of an individualist, an undaunted protester. When Mr. Wood joined the press corps in Moscow it was considered "just another one of those things" in the life of a foreign correspondent that anything you wanted to file after 9 o'clock at night must be handed to the janitor of the Foreign Office Building, who took it upstairs to the night censor, while the correspondent, in the true humility of Soviet humanitarianism, was supposed to wait belowstairs, and outside in the snow. Mr. Wood submitted to this just once, when the temperature was fifteen below. In due time the janitor brought back his copy, properly initialed by the censor. Wood, showing only a modicum of the indignation he felt, put the copy in his pocket and trudged back to the Grand Hotel without bothering to file it. It was the next morning that he went to the cable office and handed in his story for transmission, with this sentence prefixed: "According to a report handed out last night by the janitor of the Foreign Office . . ." Reform followed immediately. Today the Foreign Office permits a correspondent to take a cable to the private residence of one of the delegated censors, at any hour of the night.

LELAND STOWE. Ambitious, conscientious, youthful despite his snowy-white hair, the fortune of a rapid succession of changes brought Stowe, perhaps a little too early, to the post of Paris correspondent of the *"New York Herald Tribune."* He is well grounded in French politics, French finance, but is inclined to be a trifle slow on big news stories. He is inclined to over-stress detail which loses its importance when transported by cable 3,000 miles to his home office. Yet it was precisely these factors which won for him a Pulitzer prize for the work done on the Hague Conference, which is supposed to have something to do with peace. The *"New York Herald Tribune"* coverage of Paris would seem to suffer somewhat from his too great reliance upon the press hand-outs of the *Quai D'Orsay.*

EDWARD DEUSS. Another victim of the fury of the Nazis, Deuss is a recent addition to that growing group of foreign correspondents exiled from Germany. Careful, more methodical than most Hearst men, the speed with which he got into trouble in Berlin came as something of a surprise, because he then had had the benefit of three years under censorship in Moscow. Deuss went out to hunt for atrocity stories, found one and got it out of the country. The method is a secret known to Deuss alone. He was promptly called upon to submit proof, which he was unable to produce. His expulsion followed, and he is now in London, still with Hearst. He was in London for the World Economic

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Conference, and interviewed German Foreign Minister von Neurath. So it is doubtful if his standing in Germany has been irreparably damaged.

HAROLD CALLENDER, London correspondent of the *"New York Times,"* radiates the freedom of expression permitted the press in a land where they reserve parking space in Hyde Park for vocal dissenters. No furtive backward looks over his broad shoulder, or quavering of the voice while telephoning a cryptic account to the cable office concerning something wrong in the British Empire. His reports are fulsome, sound, somewhat uninspired.

WILLIAM HENRY CHAMBERLIN. He covers Russia for the *"Christian Science Monitor,"* and for the *"Manchester Guardian."* This twin assignment is the key to the reporter. His cables, mail stories and books are for a reading public which demands facts, and is not particular if they do not happen to be entertainingly strung together. There is no other American reporter who knows Russia as well as Chamberlin does. He has traveled widely over great areas of the Soviet Union, and knows the land whereof he writes. Like every foreign correspondent who wishes to remain in Moscow, he finds it necessary now and again to pull his punches. But he never wangles. Neither does he pander to the Soviet government. The orthodox sources of news for a Moscow correspondent are *the Soviet press* and the Foreign Office. Chamberlin makes good use of both, although he has never gone soft in comfortable Moscow quarters. His influence on American opinion would be greater if there existed in the American public a greater passion for unadorned facts.

WILLIAM STONEMAN. He divides his time between Stockholm and Moscow. He is credited with some of the rarest word coinage in *cablese*. He developed the faculty in the early days of the Mussolini dictatorship, in order to fool the censor. He was so successful that his unorthodox experiments in *cablese* were frequently unintelligible to the cable editor in his home office. He perfected his *cablese* by talking it whenever he dined in Italy. By substituting the favorite "Mr. Brown" for the name of Mussolini, his remarks and criticisms were well beyond the reach of English-speaking Italian waiters. Stoneman covers for the *"Chicago Daily News."*

ARNOT DOSCH-FLEUROT. He's one of the deans of the American foreign press corps. A brilliant correspondent in the Pulitzer tradition, his influence was greatest in the hey-day of the *"New York World."* He is now Paris headquarters man for Hearst. He is essentially a Big Story pinch-hitter. When the roof blew off the Hearst news agency headquarters in Berlin, and Edward Deuss was banished to London, Dosch-Fleurot flew to the German capital, quickly orientated himself, and began sending out story after story, as if nothing had happened. Given to colorful and forceful writing, Dosch-Fleurot has a personality which woulyd inject peace into a disarmament conference. He is a wielder of influence in influential places.

PAUL MOWRER. He covers for the *"Chicago Daily News"* in London. He is a brother of the more widely known Edgar Mowrer. Behind the scenes in the foreign correspondence show, Paul is generally rated a better reporter than Edgar, if not quite so spectacular. They are both good enough to make any distinction a matter of viewpoint.

CLARENCE K. STREIT, *Times, Geneva.* Covering an international conference is not simply a matter of sitting all day at the press table, scribbling notes on the set speeches of unimportant delegates. Nor is good newspaper coverage of a conference obtained by making briefs of the minutes of the day's session. It is a matter of knowing the delegates, knowing where they stand, or where they will stand on questions of importance *when the voting begins.* The real business of conferring is never done over conference tables. It is done in the cloakrooms, in hotel headquarters of the various delegations. The same is true of good news reporting of conferences. "Streit, of the *"Times,"* long ago perceived this fact, and made it his byword. The doing of this has made him the leader in the foreign press corps regularly stationed at Geneva.

GUIDO ENDERES. The best-dressed man in *cablese,* but don't be fooled; he was never scooped during a fitting. He is a landmark in Berlin, and has balance and judgment which only long experience can bring. One of the most highly respected of all our foreign press representatives, he covers Berlin for the *"New York Times."*

RALPH BARNES. Known among his Moscow colleagues as "Scoop Barnes." Mr. Barnes is actually no longer a boy, but has retained all his cub reporter enthusiasm despite his ten years in Paris, Rome and Moscow. Barnes, on behalf of the *"New York Herald Tribune,"* and Stoneman for the *"Chicago Daily News,"* were shipped back to Moscow by the Gay Pay Oo from the South of Russia for being the first of the resident Moscow correspondents to get an eyeful of the famine of 1932-33. Famine and disaster stories in the hinterland of Russia are *supposed to be covered,* if at all, from Moscow, and preferably by getting the details from reading the accounts in the Soviet official press.

Barnes is still cub enough to think that spot news stories should be covered on the spot. What with Italy, Germany and Russia offering foreign correspondents the dubious collaboration of censorship bureaus, Barnes's field on the Continent is getting narrowed down.

STANLEY RICHARDSON. When the foreign correspondent family is gathered together in Moscow for an evening of bridge, or a party of any kind, the inevitable discussion of the larger aspects of communism, capitalism, or fascism never lures Stanley Richardson, of the AP, into an expression of opinion. Richardson is a reporter, an attentive listener and quick as lightning on getting cables filed. The news he cables will have to be interpreted by the readers of his service, the Associated Press desk man in London, or Berlin, who receives it, with no suggestion of what Richardson *thinks.*

ALBION ROSS, *"Philadelphia Public Ledger,"* has just fallen heir to Knickerbocker's Berlin post. Being one of those rare Americans who lives within his income he is better off than the majority of *cablese men.* He has spent his vacations traveling third class about Europe learning languages and studying run-o-mine people. He owes everything to Knickerbocker but will do better when no longer hanging on every word from "his master's voice."

JUDSON HAWLEY, one of

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Hearst's less spectacular men who delivers the goods in a plain package. Laid the foundation of his continental experience as buddie reported with Alexander Woollcott on *"The Stars and Stripes"* trade organ of the A.E.F. in France. Actually runs Hearst's Berlin office.

JOHN ELLIOTT, Berlin correspondent *"New York Herald-Tribune,* has none of the social proclivities which go with the typical foreign correspondent. He doesn't drink, he doesn't smoke, consequently he never attends bar conferences, and is not influenced by the opinions of his colleagues. Elliott has a secretary who should rate as a correspondent. A cultured, extremely intelligent and educated German Jewess. It was once suggested to Elliott that he would be more shocked by his secretary being sent to an internment camp than by learning that ten thousand strikers in the United States had been killed. Be that as it may, Elliott would be capable of estimating the relative news value of two hypothetical incidents.

LINTON WELLS. A Hearst correspondent of the Floyd Gibbons school. He represents his chief's predilection for men of action and wide adventures. Reporting and writing ability are secondary. He can moisten his finger, hold it into the wind, and tell from which direction a Hearst story is coming—which may, or may not, be news.

JOHN WHITTAKER. Geneva correspondent for the *"New York Herald Tribune,"* one of the younger members of the foreign press corps. Has the enthusiasm of youth, but is essentially conservative. He appears to be developing well. Gave an excellent account of himself at the World Economic Conference.

MEN IN GENERAL

As a rule, news makes the newsman. It is a rule with a pet exception—another rule: The best, the biggest stories write themselves. The wreck of the conflict of these two axioms is that the best newswriter would be a flop if permanently stationed in the middle of the Sahara. The locale of news centers in Europe shifts and changes with time. Paris was once the pre-eminent center of the kind of news in which American readers were supposed to be interested. It was the goal of all foreign correspondents—still is, perhaps from the viewpoint of permanent residence. But news has never been a respecter of the interests or comfort of newsmen. News has moved on; today the American news bureaus in Paris, with one or two shining exceptions, are manned by second-string men. The important news centers in recent years have been Rome, Geneva, Moscow and Berlin, particularly the latter two. It is for that reason that we find the outstanding men of *cablese* largely gathered in these cities.

They are voluntary exiles, always under the watchful eye of the Foreign Office. In those eyes they are foreigners assumed to have great power in controlling and moulding the feeling of the American people toward a particular country. And, as a group, they are not wholly unconscious of this power. At times (a recent instance was the assumption of power by Hitler in Germany) it becomes a symbolic chip-on-the-shoulder. Backed by American traditions, few of them work amicably under the bar of censorship. The fighters wind up with a request by the Foreign Office that they find other fields in which to gather news.

Edgar Mowrer put in ten years with the German people, whom he detests, for the joy of having a target for his stinging shafts at close range. As correspondent for the *"Chicago Daily News,"* his influence on the American public was considerable as regards Germany. Few writers have done more in the upbuilding of a dislike for the Nazis in America than Mowrer. He left his post in response to pressure from the Nazi government, which finally took the form of an official communication to Ambassador Dodd that the government would like to be relieved of the responsibility of guaranteeing the further safety in Germany of Mr. Mowrer!

Boris Smolar, of *"The Jewish Telegraph Agency,"* has long been another thorn in the side of the Nazis. No foreign correspondent stationed in Berlin knows as much of the Jewish problem as Smolar. His very knowledge and his specialty put him beyond the reach of the Hitler anti-Semitic program, although his goings and comings were closely watched. When he left Berlin for Geneva recently to cover the Disarmament Conference there, his office was promptly closed. Rushing back to Berlin, he made such a protest that the government quickly reopened the office!

The best local American news reporters do not as a rule graduate into the field of foreign correspondent work. It is rather a specialized line of newspaper activity which attracts new recruits when they are still young and comparatively unknown in American newspaperdom.

The first qualification of a good foreign correspondent is adaptability to foreign atmosphere. It is even more important than news sense, the most highly prized characteristic of local reporters.

The practice of maintaining a newspaper's prestige in a foreign field through allowed expenses for lavish entertaining has largely passed with the Depression.

In addition to the men of *cablese,* who talk daily to their newspaper readers over and around the barrier of censorship, American opinions of Europe are also influenced by the writings of a small group of feature writers, who are constantly touring the Continent. Best-known among these writers are T. R. Ybarra, Mrs. Anne O'Hare McCormick, Fred Kelly, Maurice Hindus and Quentin Reynolds.

Reynolds is the latest recruit to this special group set apart from the field of regular foreign correspondents. He was one of several substitutes rushed to Berlin to fill the place of the summarily banished Edward Deuss. An ex-professional football player and fiction-writer who spoke no German other than *bier, schoen,* and *auf wiedersehen,* he covered a lot of Germany during his four months' residence. An instinct for knowing where to be and when, when things were happening, let him witness the only atrocity seen by an American correspondent, aside from demonstrations against Jewish mercantile houses. He *would* be in Nuremburg in the out-of-news-season, and see a young "Aryan" girl being marched through the streets by storm-troopers, head shaven and bearing a placard to the effect that she was keeping company with a young Jew.

Reynolds hastened over the Austrian frontier and filed his story from the safe point of Salzberg. He had no reluctance in returning to Berlin, however, for unlike Mr. Deuss he had his corroborative witness. It was the daughter of the American Ambassador to Germany.

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Labor's Next Step

By Louis Stark

A total of 1,100 strikes have occurred in the U. S. since August, an indication of labor's current unrest. Louis Stark, labor authority of the "New York Times," discusses the cause of this, and indicates trends in labor's future.

WHAT is the future of organized labor in the United States?

This question may be answered in many ways, but no "answer" would be more than speculative. The permutations and combinations that may be formed from the component elements of the problem are many and varied. It will be the function of this article to set forth some of the possible combinations, to indicate the forces at work making for change and the direction in which change may evolve.

The core and center of nearly every problem affecting labor and industry today may be found in the National Recovery Act. Prior to the passage of that act, in June, labor and industry were definitely on the down-grade. The spiral of depression was moving rapidly toward its unknown and terrifying climax. Industry, confronted with the specter of bankruptcy, faced with capital losses so heavy that further continuance, in many cases, was merely a matter of weeks, was ready for any remedy no matter how drastic. Government supervision and control of industry was advocated by employers. Labor, shorn of members, denuded of fat treasuries, was facing rapid decimation in numbers and emasculation of power.

Came the Recovery Act. Codes of fair competition were formulated. Plans were begun for partaking of that long sought boon—association of industry without the threat of the Damoclean sword of the anti-trust laws that always overhung attempts at combination. With a whoop of joy, labor seized upon the collective bargaining provision of the Recovery Act, hugged it to its bosom and a wave of strikes started with a rush, a wave not so great as that following the 1921 depression, but one, nevertheless, which seemed mountainous to the employers who are affected by it.

Such an onrush of labor organization resulted, not only from the Recovery Act but from the normal trend towards unionism in time of business upturn, that President William Green of the American Federation of Labor was proud to report at the November convention of his organization an accession of close to 1,500,000 new members.

The United Mine Workers swept 340,000 non-union miners into the union field; the cloak makers, dressmakers, men's clothing workers and other unions welcomed several hundreds of thousands of new members, and in the mass production industries—steel, automobiles and rubber—scores upon scores of newly formed unions flocked to the standards of the A. F. of L. Labor, on the verge of bankruptcy, unfurled its banners of militancy once more and set its face toward the heights.

Industry, which had been ready to throw up the sponge, inhaled the ozone of the "new freedom," its lagging pulses stirred by visions of price fixing, production control and "self-government." The consumer—"forgotten man" in any set-up,—opened wide his frightened eyes and stared hard at what seemed to him a hydra-headed monster threatening to crush him between the jaws of labor monopoly and price fixing. The only comfort he saw was the government's representative on the code authorities.

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So very low had wages fallen in the destructive price cutting years of the Depression that the low minimum wages fixed in the codes raised the wage earners in some fields to comparative "affluence." Textile workers, shirtmakers, garment workers, whose pre-Depression wage was about $10 to $20 a week, had fallen to as low as $2 and $3 a week. The codes shot these wages up to $13 and $14 a week. Not real affluence, of course, but a real increase in purchasing power. Employment and payrolls for five months after the codes were adopted continued their rise, the first real movement of that nature in four years.

With partial recovery came voices from the direction of industry murmuring that international recovery was well under way when the Recovery Act was adopted. Here and there a whisper was heard with the old refrain of "keep the government out of business." Manufacturers began to attack the National Labor Board's method of operation, although in a short time the board had settled 110 trade disputes and returned 250,000 men to work.

Although labor found the working of the Recovery Act far from perfect, it decided upon loyal support of the NRA, but coupled with that support a policy of demanding a reduction in the maximum hours and an increase in the minimum pay rates. Responsible manufacturers are credited with the belief that abandonment of the NRA and a return to the jungle law of price and wage cutting are too terrible to contemplate. Their view-

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point is well expressed by Gerard Swope, president of the General Electric Company and a member of the National Labor Board, who would accord a wider range of self-government in industry than that yet afforded under the working of the Recovery Act.

The foregoing, more or less extended, discussion of the NRA is necessary because it is a starting point whence a new orientation of labor and industry will come.

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What will make for such a new orientation? Many factors. One group of factors is concerned with labor's future internal relations. Will labor retain its traditional structure whose vested interest is in jurisdiction, or will it change to a more flexible structure adapted to rapidly changing industry? Will labor throw itself wholeheartedly into the organization, wherever possible, of mass production industries by "vertical" alignment rather than by separate alignment by crafts on a "horizontal" basis? The "vertical" organization has been effected in the rubber and steel plants, but the recent convention of the American Federation of Labor brought sharply to focus the problem of the future because the craft unions at the meeting made an insistent demand for the members of their crafts now organized in the so called Federal unions, formed on an industrial basis and attached directly to the federation. The federation has as yet made no answer to that demand except a decision to call a conference of all international union leaders to talk it over.

Tied up with the problem of organizing the mass production industries is the question of inter-union jurisdiction. When carpenters and iron workers fall out over which one shall install radiator covers and work on a $10,000,000 contract such as the new U. S. Labor Department Building is tied up for weeks, the public says: "A plague on both your houses," and the cause of trade unionism suffers another blow.

The aim of the government, under the codes, is to foster strong trade associations for the self-government of industry. Parallel to these associations the government would like to see strong unions formed on a similar basis. At the top of this parallel structure the government would set up its capstone of supervision and control, with strikes and lockouts barred.

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Under the Recovery Act, the right of collective bargaining, always a theoretical right because industry attacked it successfully in the courts through use of the injunctive process and through company unions and by force, now becomes an actual right.

Labor, always opposed to minimum wages for wage earners except women and minors, has in the recent past veered away from governmental "interference" with what it considered its function, to obtain by economic action shorter hours and higher wages. Today labor has accepted the fixing of maximum hours and minimum wages by law. It favors compulsory unemployment insurance and social legislation of various kinds.

If the government intervenes in the role of union organizer, if it takes upon itself the function of guaranteeing workers against lockouts, raises their minimum wages and decreases maximum hours, what role will be left for the trade unions? In other words, if the trade unions become a sort of function of government will not their liberties be just as severely restricted as that of industry when similarly supervised and governed?

Undoubtedly if the government, by decree, fiat or otherwise, moves much further toward governmental supervision or control of the trade unions, its first step will be an insistence upon stratification of the unions into industry, wide organizations based upon the various plants, making a combination of national trade union and company union. The exigencies of inter-union policy, under such circumstances, would have to give way to the exigencies of governmental mandate.

If labor, voluntarily or through compulsion, gives up the right to strike will it not demand even more stringent regulation of industry? It is scarcely likely that labor would give up its primary weapon for a song. Well then, what is labor likely to demand if it is ultimately pressed to the point of compulsory arbitration of disputes? First there is the question involved in the introduction of labor saving machinery and in the use of more efficient methods of manufacture. The industry that has shown a better record than any other during the Depression has been the manufacture of new and more efficient machinery. If such machinery is permitted to be introduced willy-nilly while labor's hands are tied when unemployment results in a greater degree, as is inevitable, we are likely to find just as many idle men in the future as during the height of the Depression while the new machines will be turning out a greater quantity of goods.

An approach toward the control of the use of new productive machinery has been made in the cotton textile code which restricts the use of machinery to 80 hours a week as compared to the 24-hour-a-day use of that machinery previously. From that, the next step may be a system of applications for the further introduction of labor saving devices as substitutes for the older and less efficient machines. Indeed the cotton textile code already makes such application necessary. Perhaps prospective users of new machinery will be expected to obtain a certificate of convenience and necessity before the government will allow them to flood the country with additional goods and throw out large numbers of wage earners—unless, of course, some way is found to assure the wage earners of higher and higher wages in order to take the increased production off the market, and shorter and shorter hours in order to spread employment.

The problem of life in a mass production age is a problem of mass destruction. *Goods must be destroyed;* that is, used up as rapidly as they are produced. They must be produced rapidly and cheaply and sold quickly. When an undue proportion of the usufructs of industry is diverted to further production of goods instead of into purchasing power, stocks pile up and are unconsumed, and in the end depression results. Then the accumulated stocks are destroyed, but this time in an uneconomical way; every tenth row of cotton may be ploughed under, fruit may be left to rot in the orchards for lack of purchasers, young

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pigs may be slaughtered and put to no use (not even as food for starving people within a few miles of the farms where the pigs were raised).

Labor's fears under the NRA are that production will be controlled, or rather curtailed, while prices will be fixed. Labor, as consumer, will therefore be out of the picture unless the strong hand of government intervenes. If such intervention occurs labor has another fear (also shared by industry): that a bureaucracy may be built up that will completely dominate and overshadow the organizations of wage earners.

Once embarked, reluctantly it may be, upon the road of government supervision of industry and labor, the latter will undoubtedly stress the need for economic planning. As a matter of fact the 1930 convention of the A. F. of L. favored the idea of economic planning under a national economic council.

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Perhaps I am going too fast into the realm of speculation as to the ultimate future and it may be well to move into the immediate foreground of the problem. What is likely to happen when Congress meets next month?

The wave of dissatisfaction with the Roosevelt Administration policy, as represented by the farmers' strike, the bankers' attacks on the Securities Act and the protests by certain sections of industry against the allegedly restrictive efforts of the NRA will continue to mount. Industry will go to Congress next month with a demand for weakening the labor provision of the Recovery Act and for a curtailment of the powers of the National Labor Board. It will seek to whittle away some of the real power residing in Section 7-(a), the collective bargaining provision of the law. Objection will be voiced to the National Labor Board's policies on the ground that they foster the formation of new unions and strengthen the old ones.

At the moment of writing, the indications in Washington appear to be that the temper of Congress will be more radical than it was last year. In addition to the possibility of drastic financial legislation, it is more than likely to move further toward the left in industrial legislation. Far from weakening the labor clauses of the Recovery Act the situation points to a further strengthening of these provisions. In the light of experience with other sections of the act, further changes will be made.

On the battleground of industry, labor will continue its struggle for the free union as against the employee representation plan embodied in the company union. How will this struggle come out? Certainly it is too early to make an accurate prediction, but the company union has, in the last few months, suffered some grievous blows.

These results have been disclosed following the adjustment of disputes by the National Labor Board. The procedure of the board has been as follows: Once its aid has been invoked in an industrial dispute, it has arranged to set up the machinery for collective bargaining. Usually the employer has questioned the validity of the mandate offered by the spokesmen for the employees. In order to ascertain whether or not the alleged spokesman really represented the men, the National Labor Board would arrange for an election by secret ballot. Employees on the payrolls at the time of the strike were permitted to vote.

In such elections the employees, in most cases, voted to be represented by the union leader. As the employer had consented to deal in collective bargaining with the spokesman of his employees, the independent unions thus won many victories. Curiously enough, employees in large industrial plants where company unions prevailed, or where they were favored by the employers, voted in practically every case for the free union. In those few plants where the employees favored the company unions, the concerns were small and negligible in their operations. Union leaders have always maintained that once employees were given the opportunity of selecting their spokesmen by secret ballot they would vote for the independent unions, and this contention has been borne out by the recent elections.

The latest of these elections was that of the employee representation plan in the coal mines of the Colorado Fuel and Iron Company. This company union, a pioneer in this field, known as "the Rockefeller Plan," and introduced twenty years ago by Mr. Rockefeller after conferences with Mackenzie King, former Canadian Premier, was snowed under by the employees. They cast 877 votes to affiliate with the United Mine Workers of America, a part of the American Federation of Labor, and only 233 against the proposal.

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It is indeed too early to say that the company union has been silenced by the independent union, despite these early victories. Labor leaders have learned to their sorrow that one swallow does not make a summer. Nor do victories at times of upsurge in economic activity mean lasting gains. With the problem of increased membership the unions will have to meet the difficulty of educating the new masses of the organized to trade union ideals and to trade union discipline. The World War saw many "war babies" in the ranks of the unions just as in industry. With the advent of the Depression these members fell away. It is not unlikely that the next downward swing in the industrial cycle will see further defections from the labor ranks despite the rosy outlook of five months under the NRA.

Until there is a definite outcome of the struggle for unionization of the steel, automobile, rubber and oil industries, it will be impossible to say in which direction labor is tending. As that struggle depends as much upon labor's internal program as upon its external program, the outcome must of necessity be in doubt. Failure to reach a satisfactory solution of the problem of the future of those unions in the mass production industries, formed upon an industrial basis, will hamper labor's footsteps and set them upon a longer and more difficult road.

To break up the new unions comprising every skilled and unskilled craft in the automobile, steel and rubber industries and to divide the skilled employees among the various craft organizations would set labor upon the road to Calvary.

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Price, and Prices

by Robert R. Doane

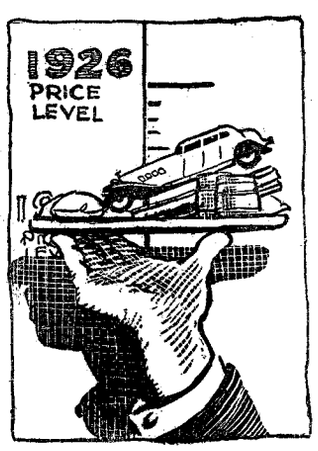
Can prices be fixed? The theories underlying one of the most important economic plans of the Administration are discussed by Mr. Doane, author of the American Consumer Market Study

THAT a rise in the level of commodity prices has been the outstanding and most persistently declared objective of the Washington Administration there can be no doubt. And as a means to this end almost every conceivable device, including price fixing, price maintenance and various experimental methods of currency management has unstintingly been resorted to. Also the government's deliberate intervention in the money market has been generally accepted as meaning some form of inflation, or currency devaluation, with a corresponding or concurring rise in the general level of prices as its definite expectation.

Thus, upon an already strained and heavily overburdened public, has been thrust once again the specter of the rising cost of living. Whether this is more phantastic than real, whether its ultimate beneficial results can be expected to outweigh its temporary disadvantages, now constitutes our immediate concern.

Praiseworthy as these underlying motives and broad social aims unquestionably may be, their very prosecution creates an obvious and expected undercurrent of solicitude regarding the ability of such action to achieve the ends sought, and brings with it the questions as to whether these ends are in themselves essential or desirable, and the possible consequences which such action may bring into being.

That all past experience has inevitably disclosed wage rates to lag behind the rise in retail prices, which within itself, unless supplemented by other outside factors of sustained demand, would be sufficient fully to explain the disappointing consumers' response to higher prices. This highly significant fact, combined with the lag of prices behind industrial recovery which has hitherto been far greater than the present inflationary policies have permitted, can quite easily lend a strong probability that most of these policies are bringing about effects *directly opposite to those originally intended.*



Nevertheless, the will toward the recovery of the 1926 price level persists. It is into the possibilities and consequences of this definite and reiterated objective that we might profitably turn. And before proceding further it may be well to recall that any new price level, once established, tends to maintain itself through the operation of costs, even though the original forces which brought it into being have disappeared.

At the outset of all discussions of prices and price levels it must never be lost sight of that when we are talking about *price* we are talking about *relative values.* And that these relative values are, or have been, related to some definite and generally accepted standard unit of value.

Unfortunately there is a remarkable superficiality surrounding the popular knowledge of the entire pricing and exchange process. So confused and conflicting are the prevailing conceptions as to make any simple statement sufficiently inclusive of the whole problem impossible as to clarity, without first reviewing those exceedingly important basic factors that underlie the entire process of practical valuation. In a recent article in NEW OUTLOOK I tried to show that there is no statistical proof that consumer purchasing power has ever been a determining factor in the course of the business cycle, and also that present consumer buying power, reserves and standards of living are in no position to withstand any appreciable further decline in the purchasing power of their dollar—unless there is a vigorous and immediate effective effort made to augment and increase consumer income at the same rate as that of the current dollar depreciation.

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To anyone who is genuinely sincere in properly evaluating those forces that underly the present attempt at recovery there can be no hesitation in realistically viewing those obscure factors lurking behind the scene, even though the briefest explanation of them can hardly be put into popular jargon.

These forces that ultimately determine prices constitute beyond all odds the most complex set of interrelated conditions in all economic procedure. In no field is the material more manifold and at the same time more obscure.

Prices have long been looked upon as the great "central brain," or automatic governor, of all free competitive economic systems. They have been the chief determinant, not only of the cost of living, but of the cost of production and of the total real national income as well. They are thus generative of purchasing power, of productive and consumptive efficiency, while at the same time their course is chiefly instrumental in determining the value of our savings and capital reserves. Little wonder that their movement, trend and fluctuation touches and intimately concerns us all.

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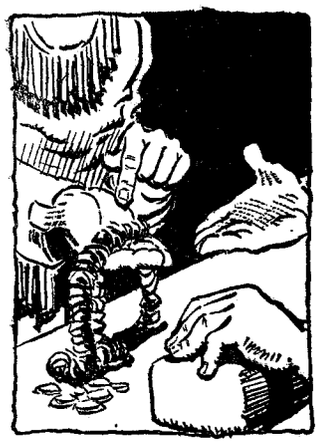

In order that we may obtain as clear a picture as possible of this whole phenomenon, and keep our thinking straight as we hew to the line, let us go back to that point where *price* begins.

Our present way of living has long been on a basis of exchange of commodities that are the result of highly specialized divisions of productive effort. It thus becomes essential to consider how much of each form of goods produced are to be exchanged for *other* goods. In other words there must be a sufficiently satisfactory basis for the evaluation of these many and varied types of commodities. Wherever a community has developed to this point of interdependent service, the processes of living have been facilitated and simplified through the introduction of some common unit through which, by common agreement, the exchange value of all goods can be reckoned or measured.

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Ages ago crude scales of measuring values were constructed which ran somewhat after the following fashion:

1 male slave	=	6 oxen
1 ox	=	10 pots
1 pot	=	1 hoe
1 hot	=	1 robe
1 robe	=	6 doz. eggs
1 doz. eggs.	=	4 lbs. nails
1 lb. nails	=	2 gal. whiskey
1 gal. whiskey	=	2 hams
1 ham	=	5 yds. cloth.

Thus crude methods of comparing values were set up for the purposes of expediting barter. Yet in the absence of one single or common measure of values it became necessary for the individual to carry in his head an interminable number of relative values. While by the choice of *one* commodity alone, as the common measure of all other commodities, his thinking became greatly simplified. Now this article which through mutual agreement, has come to possess this function of common measure, is today called money.

Therefore as a common article money has come to serve as *a scale of reckoning;* while the paying over of this article (money) has created an additional function in the form of vehicle or *medium of exchange.* Running correlative to these two functions and developing quite naturally out of them has come the suitability of money to serve as a reserve or pledge behind credit instruments, and its ability, by virtue of its free acceptance, to serve as a *storer of values* and as a universal *bearer of options.* All of these functions are essentially different in their nature, and the failure to keep these distinctions in mind has caused continual confusion in economic and political thinking on down to the present day.

It is when this money, or common unit of value, comes into the picture that the entire process of exchange becomes replaced by a series of acts known as *buying* and *selling.* The seller hands over the goods, and the buyer hands over a certain sum of money for them. Thus this amount of money that is handed over for an article is called its *price.*

Since goods vary in form, in quantity and in quality, it became—through the collective desires of the people—the basic economic function of government to provide a uniform and inflexible standard of value, as a scale of reckoning. Like the bushel, gallon and yardstick, the thought of the people of the time, they preferred their measures to be standard and uniform rather than flexible and variable from time to time. The next step involved the granting of authority to government to fix contracts, and then leave the individual members of the community alone.

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This standard of monetary value through centuries of habitual usage, as we well know, has been limited to the so called precious metals. Chiefly gold in the modern world. Thus *real* money enjoying all of the functions enumerated above, with freedom of international circulation, was gold and nothing else. Even silver has largely been considered as supplemental to it, and is itself given free exchange value in terms of gold. Paper currency has been nothing more than a promissory note—a promise of the government (or issuing bank) to pay a specified quantity of real money on demand. So long as these promises have been kept, the paper currency has been considered as equal in value to the real money or standard of value.

All of this represents what is customarily and universally accepted as "sound" money—with no other alternative definition possible.

And, lest we forget, this standard of value, or "sound" money, has been maintained throughout generations of economic effort for the fundamental purpose of serving as a scale of reckoning in the day-by-day determination of the relative prices of goods of varying quantity and quality.

After the upheaval of the World War, with its aftermath of debased currencies, governmental rationing, credit expediencies and price structure wreckage, there remained but little choice other than reversion to the gold standard. The need for the earliest possible restoration of a system of reliable currencies was paramount. The fact that people all over the world were accustomed to look upon the gold standard as the normal currency made the return to it the easiest and simplest first step toward economic recovery. Also the extremely discouraging experiences of notoriously mismanaged paper currencies had cultivated a widespread distrust of almost every form of paper standard.

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Whether or not the gold standard is, or ever was, the "ideal" of all possible standards, never was and is not today the question. The obvious problem, in an unstable and collapsing price level, is that of losing as little time as possible in settling upon *some standard.*

Inextricably and intimately related to the problem of prices stands the field of credit. And by credit we have in mind all credit instruments, bank deposit currency, bank notes, government notes and even fiat money, which pass as general media of payment. These are influences that may affect and alter the standard of value, and as such exercise considerable influence upon the price level. Here the total means of payment available, or at the disposal of the economy, is viewed as a commodity itself and is subject to variations in price, in accord with changes in the real money

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market. When this point is reached a wholly new volume of superimposed theory and discussion looms into view.

It will again be recalled that these credit instruments constitute the vehicle or commonly employed medium of exchange and they are most decidedly not to be confused with the standard common unit of value or real money. It is here that the various "quantity," "velocity" and "managed" currency theories enter and enjoy their full play. Of course the use of these instrumentalities varies greatly in different countries and even within the same country at different times. Thus since credit is purchasing power, its expansion and contraction affects prices. I dealt at considerable length upon this phenomenon, and its degree of influence, in an article entitled "A Short History of Debt" in the July NEW OUTLOOK of this year. Thus a complete repetition need not be attempted here. Suffice it to state that considerable overemphasis on the influence of credit upon prices has all too often been indulged in. This does not mean that increasing supplies of credit have no effect upon prices, but that only that portion which is not represented by actual current surplus income becomes effective.

In tracing these sources of additional credit or purchasing power, it is clear that we must separate from such credit that portion which represents the current money income of the period, and confine ourselves only to that *new* credit which has been obtained from borrowing at the central banks. It is only this small fraction of the total available means of payment that operates as new purchasing power. The individuals or corporations who received this credit found themselves in possession of so much more means of payment or currency, and *no one had any less than before.*

As a conclusive example of the effect of credit and "quantity" of money upon prices we can take those years from 1922 on to 1929—the golden era—where credit expansion and credit abuses are quite generally agreed to have reached their zenith. Here then is a period where the normal effect of credit upon prices can be observed in all its starkness. Yet all indices of wholesale prices disclose the astonishing fact that prices stood at identically the same figure at the end as at the beginning of this tremendous credit expansion period!

In the middle of 1919, the quantity theorists and inflationists informed America that we were then on a permanently higher level of commodity prices, and we were further assured that while prices might rise or fall moderately above or below the existing level yet this level was *permanent* and *safe.* In the year that followed we experienced the most precipitious decline in prices since civil war days, a drop of 49 per cent—yet the volume of bank credit was higher at the end of this decline.

Quite aside from the popular conception of the influence of credit upon prices and as a factor within prices is the widely prevailing idea that the price of everything is ultimately determined by the time honored "laws" of supply and demand. This general understanding of the law of supply and demand is in itself somewhat vague and misleading. Does this "demand" mean merely the *power to buy,* or does it represent the *actual quantity* purchased during a *period* of time? Does this "supply" mean the potential ability to produce, or the actual finished product available at any given *point* of time? Many of these meanings are not clearly distinguished from one another either in the popular or in the political mind.

Political and general discussions of these questions are invariably characterized by the fact that only a small and arbitrarily selected part of the entire economic mechanism is taken into account, and therefore only that portion of the productive and consumptive process is regarded that happens to fall within this specially chosen section of the larger economy. Such points of view, or methods of appraisal, often overlook the fact that prices are ratios—or related things—and as such are more or less fluid in their nature, with fields of influence reaching outside any limited arbitrary boundary.

This fact accounts for one of the major difficulties confronting our agricultural problem. It is virtually impossible to secure a favorable price differential for farm products alone that would not find its immediate price repercussions throughout the entire price structure.

The causes usually given for price changes are numerous and varied. If we confine ourselves to price increases we find such factors as profiteering, currency inflation, credit expansion, curtailment of production, capital dissipation, excessive taxation, all assigned as reasons for the rise. Yet most of these reasons lose their plausibility in the face of a careful examination of the facts.

Regardless of all concepts and theories and attempts at rationalizing, the outstanding significant and most fundamental factor conditioning price will always be found in the demand for commodities having its origin in other commodities, rather than in the money supply.

When goods are produced in proper proportions they *clear* the markets of one another. Wheat comes to market as supply, but this same wheat also comes to market as demand for sugar, for textiles and for other goods. Textiles come to market as supply of their particular kind, but also as demand for wheat and other goods. Thus production and consumption grow and expand together. The principle of the restriction and retardation of supply as now advocated as a means for the levitation of the price level may ultimately prove to be not only a false doctrine fraught with grave social dangers, but an outright malicious policy of destruction. It is far better for the welfare and wellbeing of the people to enjoy an abundant and unrestricted production—under a low or even declining price level—than to suffer deprivation and even starvation for the sake of a rising price level.

And here is to be found one of the foremost principles affecting all prices. It is simply that the price of a commodity, year in and year out, depends most of all upon the cost of production. This merely means that in the entire process of determining prices every finished article receives a price that corresponds with the cost of producing it. For the economy as a whole this is true, although it is not always realized by individual producers.

Under the existing scheme of things, the business man and producer operates under the necessity of anticipating his market, while he knows all along that the consumers' income or ability to pay cannot be determined in advance. If we trace these means of payment at the disposal of individuals back to their original source we find that they have resulted from the expenditures of producers—as they have met the various cost factors of production. Thus the entire process of the formation of the national income falls completely within the pricing process, and is, in the last analysis, determined by it. And by pricing

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process, price fixing is not meant, but only those prices that have actually *moved* the goods. Now the price that moves the goods or that "clears" the market, does not necessarily mean a price that satisfies everybody. Nor does all of this problem of pricing imply the remotest possibility that any government administration could ever hope to succeed in securing prices satisfactory to all concerned. There is no such thing as a completely satisfactory price for all forms of goods produced, nor is there a "right" price.

Any rise in prices that does not originate from an increase in actual demand results only in unnecessary hardship upon the bulk of the consuming public, with an enforced curtailment of expenditures in other divisions of the family budget. The net result is no increase in the total real income of the community, even though inflationary measures have caused prices to rise.

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The simple arithmetic of wage payments in their relation to prices is that of the resulting equation when hourly wages are multiplied by the number of hours worked and then divided by the price of goods purchased. As an illustration: if a man works 8 hours at $1 per hour, and shoes are $4 per pair, his buying power in terms of shoes for that day's work is 2 pairs. But if the price of shoes moves up to $8, while his wage rate is increased to $2 an hour but his working day is reduced to 4 hours, then his buying power has been reduced to 1 pair of shoes. If on the other hand his working hours have not been reduced while his rate has been increased from $1 to $2 per hour, then his buying power in terms of shoes has remained exactly the same.

From all of the above recital it is clear that there still exists considerable illusion surrounding current concepts of both prices and money.

The new par of the dollar, regardless of current agitation, will quite likely be set with reference to the following factors: (1) the ratio of the gold reserves to the Federal Reserve Notes of our Federal Reserve Banking System, (2) the relation of American prices in present paper currency to the level of world gold prices, and (3) the relation of the total volume of debt to the total national wealth.

With reference to the first of these points the Federal Reserve System already has a 65 per cent reserve ratio on the basis of the present dollar—or a full 25 per cent margin above all legal requirements—thus there is no problem here.

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With reference to the second point we find our internal dollar prices to be 50 per cent above that of the world gold level, a condition that can hardly be expected to continue indefinitely. American commodity prices have been rising rapidly, following the fall in the dollar, but they have not nearly caught up with the dollar exchange depreciation. The "all commodity" price index of the Bureau of Labor Statistics shows an increase of approximately 13 per cent since the first of the year, as against an increase in world gold prices of 30 per cent during the same period. In other words our internal prices, under our deliberate discrediting of our own currency, have mounted slightly less than one-half as rapidly as the dollar has depreciated in world value.

From the standpoint of the relation of the total indebtedness to the total national wealth, by far the most important factor, we find the following situation: in 1929 the total debt stood at a ratio of approximately 40 per cent to the total wealth; by 1932 the ratio had risen close to 75 per cent. Now if this outstanding debt were to be brought even approximately into relation with the 1929 ratio it would mean either a further debt liquidation of nearly 70 billions of dollars (55 per cent from present levels), or as an alternative, an increase in the total national wealth of about 85 per cent, or very nearly 180 billions of dollars. If it is felt that the American people can carry a debt ratio of between 50 to 60 per cent to the total wealth, then the argument prevails that the value of the dollar should be placed at about 60 cents. Which is almost precisely where it now stands.

From the above statement of the frank realities of the situation it must be obvious that the secret of our problem indisputably must be sought through other than the methods now used.

All other things to the contrary, the outstanding factor that today prevents a full realization of our potential economic possibilities is nothing more than fear of the risk of additional losses. But this fear is not to be confused with any general or isolated psychological phenomena, such as "fear of fear," or to put it another way, "confidence in confidence." This element of risk is attached to something far more concrete than current whimsical emotion. Such psychological factors can easily become a delusion of extremely deceptive social value in so far as they are utilized for purposes of explaining current inadequacies in realistic procedure.

In fact, as Sir Herbert Samuel has so graphically pointed out, this psychological factor is never more than a short-term phenomenon which cold economics soon takes in hand. Is the real national income, *in fact,* being increased? Is the current output, *in fact,* being profitably absorbed? Are the people, *in fact,* emptying the merchants' shelves? Is the current monetary policy, *in fact,* encouraging to future profits? business confidence. And until they are realistically dealt

It is these *facts* that constitute the underlying factors of business confidence. And until they are realistically delt with there can be no enduring confidence, or a wholehearted elimination of the present general business timidity.

Artificial commodity price control, which has been called the primary cause of this entire depression, can hardly be looked upon to be any more effective today than it was four years ago. You can fix the price of capital—but you cannot make capital work at that price. You can *fix* the price of labor—but you cannot make labor work at that price. You can *fix* the price of consumption goods—but you cannot make consumers buy them at that price.

There has grown into existence a widespread idea among the people that the experiences of the Depression and the problems that have arisen have upset all previous theory. That everything in our economic structure has, therefore, been changed beyond all expectation. Also that the whole of the old framework has collapsed, and that if there is to be such a thing as economic science at all it must be rebuilt from its very foundations.

There is a considerable likelihood that such is not the case. There is a very great likelihood that much of the procedure of the old order will remain after all of the experiences and experiments of our recent depression economy. And that this will still supply the most suitable foundation for the sound treatment of the new set of conditions that the Depression and the "New Deal" experiments have provided for us.

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The Third Round: The Veterans vs. U. S.

by Charles Morris Mills

Veterans will be coming up shortly for the third round in their most recent battle for government aid. Mr. Mills, an officer in the World War, an expert on national economy and veterans legislation, reveals the new and surprising tactics of the next round.

THE first round, fought last March, went to Uncle Sam by a wide margin. The second round in June was even. The third round in January starts when the lions roar again in the congressional arena. No one can foretell the decision. Even the judges—otherwise known as the public—may have to revise their systems of scoring. the Marquis of Queensberry rules may be laid aside. New methods of attack and defense may be used by both opponents. One thing is sure—there never will be a knockout, technical or otherwise. The real battle of the century will continue, not only next year, but perhaps until the last widow of a World War veteran (if the present actuarial figures are correct) dies in 2040, or some new international conflict forces the memory of Chateau Thierry and the Argonne into the same dim shroud of history as Bunker Hill or Gettysburg or San Juan Hill.

In the third round to be fought in the congressional arena, the veterans will demand the *status quo* of last March. The American Legion in its four-point program is already on record. The veterans will say to the government: You took $360,000,000, or 38 per cent of our original budget, away from us; you put some 575,000, or 40 per cent of us, off of the pension roll; you forced our brothers-in-arms to go on private and public relief rolls. It is true that some of us have received more pay and less hours under the NRA. It is true that some of us got jobs under the CCC. It is true that some of us got money for killing hogs and plowing up cotton fields under the AAA. But those benefits were for everybody whether they were veterans or not. And how about the fact that we have buried the bonus for God and Country (just suppose some cutting hadn't been done in veterans' payments or that the Greenback boys had won out—do you think we would have been Little Red Riding Hood or the Big Bad Wolf?). We Did Our Part in 1918, We Do Our Part in 1933, Now You Do Your Part For US in 1934.

The strangest part of the third round will be that the veterans will come out for economy. The chip will be shifted to the other shoulder. Whereas the veterans a year ago protested against economy, today, they will seek it. They will demand an abatement in the excessive expenditures of the government. If farmers and laborers and bank depositors and forestry boys can "get theirs," why can't the veterans get theirs *back?* Says John Doughboy: "Were compensation and free hospitalization cut down, disability allowances practically cut out and the immediate payment of the bonus passed by for the benefit of a lot of guys most of whom never saw a war?" "Are you telling me that I fought to save the Democrats to this extent? Sure, I'll be in the Salvation Army or the "Y" in the next war. Sure, we fought hard for the Insulls, the Mitchells and the Wiggins. Let them pay the bonus."

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The trouble is that the veteran can't figure it out. He can understand about balancing a budget to pay Uncle Sam for the Army and Navy, for Congress, for courts, for old disabled soldiers, for upkeep. He knows something about the ordinary household expenses at Washington. He's glad to help out to keep the homefires burning. But he can't find out why he should give up his pay and privileges so that Uncle Sam can lend (if it were only that) money to the Chinese to pay for cotton, or to hog fanciers, or to cotton planters. It's too deep for him. He wants to know where the terminal facilities are for a lot of strange things called AAA, CCC, NRA, FHLC and the rest of the alphabet. Where's the Grand Central? Will the engineer pull into the station? How many cars will be lost en route? Will the track be torn up before they get there? It's all right with him to say "Let's Go," but at the same time he wants to know where he is going. Perhaps Congress or the Brain Trust can furnish him a Baedecker.

In other words, the veterans ask whether economy in March and expenditure in December—both under the New Deal—are reconcilable. Much water—yea, even a Niagara—has flowed under the bridge since the Ides of March. Then economy, balance the budget, bail out the banks, were the watchwords. Now it is expenditure; and bail out the bankers (if you can find one). Has the March Economy Knife used on the cancer of veteran costs been replaced by Santa Claus dealing out December doles? In other words, will you love me in December as you did in May?

Now the new argument of the veteran continues: The American nation rallied behind the Administration in its first swift decisions. The country acclaimed the courage of the White House to end the abuses of the veterans' lobby last March. It sustained the President in his valiant

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stand for fundamental principles at the Legion Convention at Chicago in October. However, it has yet to be sold on the idiosyncrasy of cutting down on veterans only to spend greater appropriations on experimental schemes and projects for special groups. Granted these programs are developed for the purpose of relieving the farmer, the bankrupt depositor, the mortgaged home owner and the unemployed with the hope that the wheels of industry and commerce may turn more swiftly. Granted these far-reaching efforts are being made with highmindedness and sincerity of purpose. Nevertheless, the veteran *in his own opinion* is still the man who once put on a uniform—whether disabled in service or not—whether volunteer or drafted—whether at the front or at home. Granted even perhaps that the nation owes nothing to the veteran who returned to civil life alive and unscathed. In the final analysis the contrast is as obvious today as in the days of Caesar and Charlemagne. Why should the farmer, who perhaps has truly suffered during the Depression but who was too young or too old to go to war receive direct and immediate *Federal* relief, rather than the doughboy, who although he came back from France physically perfect, hasn't been able to get a job in all these weary years? History repeats itself. Rome fell not only because of the bonus given to its legions. Rome decayed because of Corn Laws and doles to all kinds of entrenched lobbies.

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Just a year ago the last Lame Duck Congress refused to listen to the appeal of the first President in American history to advocate a reduction of veterans' payments as a means to balance the budget. The members of this Congress cared more for politics than for principles; more for reelection in 1934 than for economy. So an annual appropriation bill increasing veterans' costs by $20,000,000 passed both the House and the Senate *without debate*. Then as a swan-song to his Administration, as his last official act, at a quarter of twelve on the morning of March 4th, Mr. Hoover pocket-vetoed the veterans' appropriation program. The problem was passed over to the New Deal.

Within a few days the Economy Act was passed and signed. Close to a half billion dollars was cut from veterans' costs, but with the publication of the regulations accompanying the Act, the first sign of genuine dismay arose. Veterans organizations and representatives of business groups found that not only the non-service connected and presumptive cases had been largely eliminated, but that deep cuts had been projected for service-connected cases ranging up to 50 per cent. Was not, they said, the care of the *truly* and *bona fide* war disabled a first lien upon the United States? Should ever the truly war disabled be forced to accept reductions comparable to the decline in the cost of living, or on a straight percentage basis? Can economy ever even in the midst of tragic depression override this primary obligation? Thousands of letters and wires poured into the White House and congressional offices. The Administration issued a statement that these cases would be treated fairly, and adjustment of original regulations was made shortly thereafter. Thus, the first round ended with Uncle Sam far in the lead.

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The second round began with the postponed appropriation bill which had been pocket-vetoed by Mr. Hoover. By May things looked very different from the first Saturday in March. Economy seemed less important than recovery. Nor had the veterans' associations been idle. By night and by day a terrific barrage had been maintaned upon the White House, Congress and the Veterans' Administration. "Horrible cases" showing the effect of economies were played up while the basic principles underlying the law were ignored, and the veterans' lobbies sought to overthrow the whole veteran program. The entire "presumptive" group was put into the hopper. The structure of a carefully balanced budget for current and ordinary expenditures built up by Budget Director Douglas trembled and tottered. The veterans were on the march again. This time the scene lay in the cloakrooms in congressional halls, not with a bonus army in Anacostia flats. The veterans marched to new trenches, and were repulsed only at the eleventh hour. The second round ended in a draw.

The obligation of every citizen of the nation is to uphold its principles, and in time of danger, to defend and protect life and property. To those who lose their lives and to their widows and dependents the country must be everlastingly generous even in time of depression. To those who continue to suffer through injury or disease contracted in line of duty there is the same obligation. To those who return from war service able-bodied and fit to resume their duties in the commonwealth, the nation owes only grateful thanks and honor. Every first class nation in the world stands four square on these policies but the United States.

We alone have gone far beyond the last policy. For 150 years, not only have we liberally carried out the first two policies, but, we have lavished and unwisely conferred benefits upon those who have merely had the honor and privilege of doing their duty in the defense of the nation. Pensions for all veterans and their widows irrespective of the kind and type of service rendered has been the order of the day. "Pensions for votes" has been an outstanding abuse in American history. The burden of veteran pensions has passed on until the third and fourth generation. Witness the fact that we still have seven widows of the War of 1812 and 450 widows of the Mexican War on the payroll, although all veterans of these conflicts have died. Witness the fact that according to actuaries the last widow of a World War veteran will not die until 2040.

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The new record of post-World War legislation has already outdone the scandals arising out of other conflicts. The original legislation amply provided for the first two fundamental policies. Within seven years after the Armistice the "presumptive" feature (diseases and injuries, if proven, arising prior to Jan. 1, 1925 were presumed to have been incurred in war service) and the Bonus Act became law. Then came the Emergency Officers Act, the 50 per cent cashing of the Bonus, and finally, worse and most illogical of all, the disability allowance act (non-service connected) of 1930. By March, 1933, more than

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750,000 World War veterans were on the pension rolls, although there were only 350,000 casualties (dead, wounded and injured) in line of service. The cost alone for World War veterans was more than $700,000,000 annually, and mounting rapidly.

During the months preceding the inauguration of President Roosevelt, the nation began to understand that the Treasury was being drained for payments to thousands of veterans who suffered absolutely no injury in war service. The future burden of pension payments amounting to three or four times the cost of the World War was intolerable. Nor was the question merely one of dollars and cents. The moral question was much more important: namely, *shall those citizens who had the honor and privilege of wearing the uniform of our beloved nation and who returned home unscathed and able-bodied continue to receive pensions and privileges at the cost and sacrifice of the women and children and old people who couldn't go to war?*

The provisions of the Economy Act of March were based on the following general principles:

The protection and preservation (in large measure) of payments to injured in line of service and to widows and dependents of soldiers and sailors who died in service.

The continuation of payments in a restricted manner to aged and dependent veterans with non-service connected injuries or infirmities.

The limitation of the termination of wars: (thus the end of the World War regarding veteran payments is set on Armistice Day—not on July 2, 1921, the official signing of the peace treaty. It is stated that 18,000 veterans who entered the service after Armistice Day had been receiving benefits).

The placement of all veterans of all wars on equal basis of compensation.

The reduction of all compensation in line with the cost of living.

The restriction of hospitalization and domiciliary care to service connected cases and for special groups of non-service origin, especially relating to tubercular and neuro-psychiatric cases.

With the signing of the Economy Bill on March 20th, it was estimated that while almost $460,000,000 would be lopped off of veterans' payments, still approximately $485,000,000 would remain. The budget still included estimates of $50,000,000 for hospitalization, $150,000,000 for disability compensation, $114,000,000 for pensions prior to the World War, $120,000,000 on insurance and $50,000,000 for a bonus reserve. Even at this rate, Uncle Sam would spend considerably more than $1,000 per war casualty (dead and wounded) in the World War as contrasted with $58 per casualty in Great Britain and $51 in France for the past fiscal year.

The Administration, in response to widespread dissatisfaction with the first regulations, on June 6th issued new orders materially modifying the original Economy Law. *Briefly,* in contrast to the original law these increased basic rates for wartime connected disabilities in the Spanish and World Wars, leaving rates slightly higher for the Spanish War veterans and about 10 per cent lower for the World War veterans. Increased rates were given for special disabilities, for permanent and totally disabled non-service connected cases and for burial and funeral expenses. Veterans suffering with war connected injuries were limited to an average reduction of 18 per cent and in no case to more than 25 per cent. Free hospitalization for non-service connected cases was limited to the permanently disabled or those suffering from tuberculosis or neuro-psychiatric diseases without adequate means of support. Children of deceased veterans received pensions up to 18 years of age instead of 16 years as formerly, and if they are in approved educational institutions may continue until 21 years of age. It was estimated that about $100,000,000 was added to the veterans' bill.

In the meantime, business conditions continued to improve, employment began to increase, prices of commodities soared. The veterans' organizations, having tasted first blood in the compromise measure of June 6th, sought to go further. While the veterans' appropriations were approved by the House by a vote of 243 to 154, Senator Connally of Texas, long an outstanding veteran advocate, introduced a resolution restricting all reductions to veterans to 25 per cent. The Senate passed the resolution, and a House Committee called upon the President. Mr. Roosevelt stood firm and said he would not accept it. Then a group of Senators including Steiwer of Oregon, Cutting of New Mexico, Hatfield of West Virginia, Johnson of California and LaFollette of Wisconsin drafted the Steiwer-Cutting amendment, which was substantially the same as the Connally resolution. Again, the Senate adopted the amendment. The President let it be known that a veto awaited the bill, which would have severely increased the veterans' appropriations and would have seriously threatened the whole structure of economy and an approach to a balanced budget so carefully built up since early March.

Instead, the President drew up a compromise measure as a substitute for the Steiwer-Cutting bill. The Administration amendment called for special boards to review all claims arising under the "presumptive" law of 1924, all reasonable doubts being in favor of the veteran, and the burden of proof in all cases resting on the government. Decisions originally scheduled to be rendered before Oct. 31, 1933, have since been extended. In the meantime, payments continue at 75 per cent of the original rates. It is reported to date that between 50 and 60 out of every 100 cases are being retained on the rolls. There has been considerable criticism of the boards due to the large proportion of veterans appointed to serve on them.

The President's measure was sustained, by the House by a vote of 208 to 177, and finally, after tumultuous debate, in the Senate, 45 to 36. In the final vote in the Senate, all of the Republican Senators, eight Democratic Senators—Bone, Copeland, Hayden, Long, Neely, Overton, Trammel, and Wheeler,—and Shipstead, Farmer-Labor, voted against the Administration. Congress then adjourned until 1934.

At the American Legion Convention in Chicago for the first time the veterans voted to regain lost ground. The demand for immediate payment of the bonus made a year previously at Portland, Oregon, was voted down with only a few states in the affirmative. The objectives of the Legion in the coming year were based on the following program:

1. Restoration of full benefits granted prior to the Economy Act in March to every veteran disabled in line of service.

2. Reinstatement of all service connected cases, including presumptives, as of March 20, 1933.

3. Hospitalization of all veterans with non-service con-

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nected disabilities who are not able to pay reasonably for treatment.

4. Resumption of benefits for dependents of veterans as provided under World War Veterans Act.

5. Responsibility for all disabled, whether service-connected or otherwise, and indigent veterans upon the Federal government.

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In addition an important resolution was adopted "to refrain from all political activity." It is hard to believe that this resolution means any more to the Legion than the preamble to the Legion Constitution that all Legionnaires shall be 100 per cent Americans. It hardly seems possible that the last 15 years of astute political organization built up by the Legion lobby will be wiped out. No one can imagine that John Thomas Taylor, the stalwart Legion lobbyist, will withdraw his cohorts and bodyguards from the cloakrooms of Congress, or that the Legion index file cards on Congressional votes will be thrown out the window. The Legion cannot pose holding a lily in one hand and a cactus in the other. True conversion is never accomplished by backsliding to first base. There is as much foundation in the gesture of waiving political activity as in the bulletin sent out by the D.A.V. (Disabled American Veterans) on October 30th, urging that every Representative and Senator "should be informed through committee visits or correspondence of the D.A.V. position, stressing the point that we are limiting our activity to disabled men whose ailments are of service origin." The D.A.V. does not inform the public that such disabled veterans include all *presumptives* up to January 1, 1925. On that program the D.A.V. coincides with the second point of the Legion platform to restore all presumptives on the rolls on March 20, 1933.

The President in his gallant speech at Chicago before the Legion laid down fundamental principles some of which were contradictory to the Legion platform. Compensation to the truly war disabled is a primary obligation of the government. The presumption question is being taken care of under boards duly constituted. The care of totally-disabled, indigent veterans was a responsibility first of local communities, then of the state, and only after that, of the Federal Government.

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The President emphasized that: "No person because he wore a uniform must thereafter be placed in a special class of beneficiaries over and above all citizens. The fact of wearing a uniform does not mean he can demand and receive from his government a benefit which no other citizen receives. . . . It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his government because of a disability incurred after his service had terminated and not connected with that service."

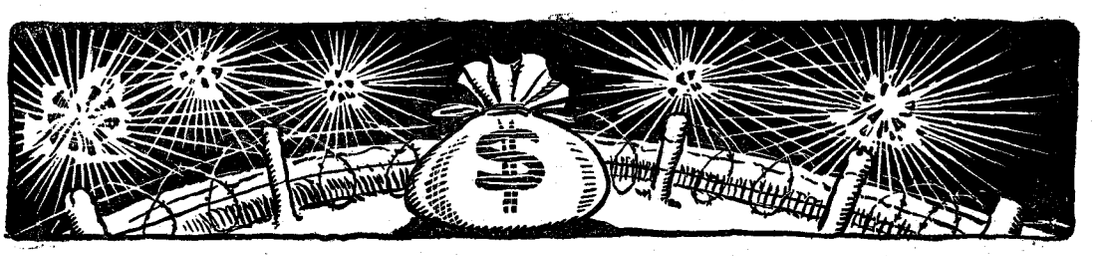
The firm stand of the President for basic principles in the care of veterans has set a new high mark in this eternal problem. Able-bodied veterans who have not received injury in line of service may no longer milk the United States Treasury. For the first time since the American Revolution a foundation has been laid for a sound and solid pension program. Nor is it a question of dollars but rather of ideals. Shall bravery be bought with a bonus, daring with doles, patriotism with patronage? Shall real war heroes who lie helpless in hospitals as a result of actual war service be submerged by hordes of non-service disability cases?

Nevertheless, the third round between the veterans and Uncle Sam may not be settled on clean cut boxing based on the above principles. The chances are that there will be considerable hitting below the belt which the referee may not see. As this is written, there is more talk of the printing presses turning out greenbacks than at any time during the entire depression. Once let some form of paper inflation occur and the fine precepts established by the Administration will be blown into a thousand pieces, and John Doughboy will demand "his" in no uncertain terms. Old Man Bonus will lift his head up and shout right out loud. The New Deal will have to include a couple of jokers to make the cards go around.

Nor can the timeworn example of the Grand Army of the Republic be used in this emergency. In the 80's it was a simple matter to appease the bluecoats of the North by giving away free land in the West or by jacking up the tariff walls a little higher. Today, there is a limited amount of fertile free land. Today, the tariff wall is so high it threatens to topple over. The trend, therefore, apparently is toward some form of paper inflation whether the Administration favors it or not.

Not only is the economic and financial situation unfavorable to Uncle Sam as the winner of the third round, but the remnants of the G.O.P. begin to loom up. "Vindicate the Veteran" is said to be one of the new Republican rallying cries. Under ordinary circumstances such a program might be enough to keep the Democrats in the White House for a long time.

In the meantime, the dear public, who have ringside seats, must not be bored with the tactics of the third round. Minorities who are in the bleachers will continue to shout loudly and may drown out Congressmen and Senators who vote to place patriotism above politics. So anyway you look at it, the third round of the Battle of the Century is bound to be a real show.



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Economic War Reports

Compiled By E. H. Collins

American Front

A MONTH OR SIX WEEKS AGO the country was engaged in following intently the experiment embodied in the NRA—an experiment which was to demonstrate whether the normal processes of business recovery would be rearranged through the arbitrary intervention of such a mechanism as the National Recovery Act.

But when all the levers are being worked from Washington, it is easy to change the situation over night. It is not strange, therefore, to find that as this is being written public interest has shifted completely—or almost completely—from the experiment of the NRA to a new and even more sensational experiment, an experiment in raising the price level by depreciating the national currency at home and abroad.

There is every evidence that the dissension over the merits and workings of the NRA will prove to have been insignificant by comparison with the fight that is looming on the question of sound money during the next few weeks. On the one hand, the President's espousal of the cause of devaluation has whetted the appetites of the more radical inflationists groups, such as the silver crowd and the greenback crowd; on the other hand, it has brought a crystallization of anti-inflation sentiment in innumerable directions at home, and has aroused anxiety and hostility in such countries as Great Britain and France, who have been injured by the deliberate depreciation of dollar exchange.

Once more the Administration has displayed its genius for economic contradictions: in its recognition of Russia it took a definite step in the direction of internationalism; in its gold buying program it has taken a far longer step in the opposite direction.

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Russian Sector

ONE OF THE MOST INTERESTING PROBLEMS growing out of the recognition of the U. S. S. R. by the American Government, officially proclaimed on November 16, is that pertaining to the adjustment of claims and counter-claims. In the cases of France and Great Britain, with whom the Soviet has been on friendly diplomatic terms for some time past, neither debts nor claims have reached any settlement. In the case of the United States public and private claims against the Soviet Union are estimated at from $500,000,000 to $800,000,000. The Soviet Government can offset this in part by claims for damages inflicted by American armies in Russia. There were two sets of such claims—those arising out of the military operations of American armies in Siberia after 1917, and those arising out of the Murmansk occupation. The former have been waived by the Soviet Government, but nothing has been said about the latter. Foreign Commissar Litvinov shocked the French and the British at the Hague Conference in 1922 with the size of the bill for damages that he presented then, but it seems to be accepted that the Soviet Government will do everything possible now to bring about a satisfactory settlement with us.

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British Front

WITH THE POUND STERLING RISING to a price in excess of $5.50 in terms of the dollar, the British Government has denounced the tariff truce and will withdraw from it as of December 7. The inference is plain that Britain fears that American manufacturers will take advantage of the cheap dollar to dump goods, not only in the British home market, but in other markets in which Britain is dominant. With Britain it is pretty much a case of chickens coming home to roost. It was Britain which, in September, 1931, began the current orgy in currency depreciation and made for the present chaos in world trade by choosing to abandon the gold standard rather than reduce British wages and other costs. Now Britain may find it exceedingly difficult to hold together that little coterie of nations, recruited chiefly in the Dominions and in Scandinavia and South America, and known as the sterling area. Unless Britain can offer the sterling area a degree of exchange depreciation equal to that of the dollar, the defections from the once happy family of exchange depreciators preying upon the trade of the rest of the world may be broken up, and Britain's gains from the paper pound will be lost completely. That other country with a managed exchange, Russia, may have to place more orders for goods in Britain, or stand the loss of the British markets for its exports. For the British are already up in arms over their failure to get a large share of those orders for goods which Russia is diverting from Germany.

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French Front

IF ANY DOUBT still exists over the statement that a close kinship between the kind of war one fights with bayonets and the kind with trade bills, let the doubters give ear to the following words used recently in reference to the franc's fight to stay on gold: "If the gold army is vastly outnumbered, its spirit is excellent. It was like that at Verdun." But if the trade war is not to degenerate into the other sort of war, some *finesse* is required. Britain is demanding that France suppress the 15 per cent surtax on British goods, which was imposed to offset the depreciation of the pound; for, even though the dollar was at a greater discount than the pound, no similar surtax was levied on imports from the United States. France admits the logic in this contention of the British, but is naturally hesitant to place a higher tax on American goods while the prospect exists that the United States will buy a lot of French wines

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and brandies. France and Brazil are fighting each other with tariffs, and a $370,000 payment to French holders of Brazilian securities was held up. As French exporters were unable to take out of Brazil the proceeds of their sales, owing to the exchange restrictions, France tried to apply the funds accruing from the sale of Brazilian goods in France to the repatriation of these balances. The fight is being waged with more than the usual bitterness.

Italian Front

THE RISE OF HITLER in Germany has had the effect of withdrawing the public spotlight from that pioneer Fascist, Mussolini. This was not a development which Il Duce could be expected to take lying down. He has, in fact, instituted two measures recently which may well be designed to achieve his reinstatement as the foremost Fascist practitioner. Mussolini has outdone all of the economic Aladdins of Germany by guaranteeing a fair return on capital invested in sound industry. The Italian counterpart of the Reconstruction Finance Corporation is to issue bonds, guaranteed by the government, the proceeds of which would be lent to industry—in this instance the Piedmont Electric Company, which is in need of reorganization. The Fascist theory has been that by preventing strikes, industrial costs could be reduced to such an extent that profitability of operation would result. It does not work out that way, however, with a company, like a public utility, which has large service charges to pay on outstanding debt but only a relatively small labor bill. By providing a minimum return of 4 per cent on the bonds and allowing a share in all earnings above that figure, the Italian Government has made a significant advance in the application of Fascist theory, and it is up to Hitler to go that move one better.

German Front

THE EXPERIENCE OF THE NAZIS is similar to that of a group of people who have been on a wild spree over the weekend, only to wake up and find that they have been ostracized by their neighbors and have run up bills for which the means of payment is lacking. The German capital market is full of fear and trembling over the Nazi policies. Short term capital, of which there is a fair sized supply, is reluctant to flow into the long term market, where there is a dearth. The German Government has had to put pressure upon the banks to buy its obligations, which are in good volume because of the circuses and parades which the Nazis have been staging to divert the public while they stall for time in carrying out their economic program. The Reich has stopped making public the budget figures. This action in itself is enough to make the public wary and unwilling to buy long term bonds. The Reichsbank is departing from time honored central banking practice in buying long term bonds in the hope of sluicing funds into the bond market. Only a hard pressed government would have its bank of issue loaded up with long term issues, as Dr. Schacht well knows. As for the foreign boycott on German goods, the monthly trade figures do not show the full extent of the boycott's effectiveness. One need only hear the complaints of German exporters of cancellation to know that there is some flaw in the picture presented by the monthly trade figures. That flaw is the fact that a good part of the exports represent plain flight of capital by those oppressed by the Nazis. More complete than the trade boycott, however, is that foreign capital markets are maintaining for German applications for credit.

Far Eastern Sector

JAPAN WOULD LIKE TO GET ON WELL with the United States, and there is great difficulty in Tokio in understanding why two nations which can be of such great trade advantage to each other cannot come to an agreement on the morality involved in an imperialistic policy. Japan and the United States are not competitors, at least in the sense that Japan and Great Britain are. This country buys most of Japan's output of silk and sells Japan more cotton than any other nation. Japan's chief competitive export is textiles, which tilt chiefly with British products in the battle for markets. So successful has Japan been in forging to the front as a textile manufacturer that last season, for the first time, she exported more cloth than Britain did. But with the discriminatory tariff raised against Japanese textiles in India Britain has been regaining some of her lost markets. She exported 14,000,000 more yards of cloth and Japan 14,000,000 less in September. The United States seems likely to sell Japan from 500,000 to 600,000 more bales of cotton as a result of the boycott of Indian cotton, making her total takings around 1,800,000 bales, or more than one-eighth of the entire crop. Japan cannot understand why this country can speak so unkindly of so good a customer. The visible passive balance of trade in the first nine months was cut to 69,800,000 yen from 115,800,000 last year.

Latin American Front

THE FINANCIAL PICTURE in Argentina has been developing fast during the past few weeks. It will be recalled that Argentina after months of negotiations reached a comprehensive settlement with Great Britain a few weeks ago carrying reciprocal tariff concessions and an arrangement for solving the foreign exchange problems between the two countries. England with her vast interests in Argentina agreed to take a £13,500,000 4 per cent 20-year loan in liquidation of a vast accumulation of pesos for remittance to England that had grown up during years. Finance Minister Pinedo went out of his way to compliment British business men and diplomats for the "combination of far sightedness, common sense, and mercantile conciliation of a high order that has always aroused in the Argentine people respect, admiration and esteem." There can be no question that as the world depression continues, Great Britain is reestablishing her traditional inside-track position in Argentina and elsewhere throughout Latin America. Since the settlement with England, Argentina has forced American firms to reach a somewhat similar arrangement, and it must be acknowledged that our exporting firms have not entered into the negotiations with the spirit of large-mindedness that the English showed. There has been bitter resentment at what are called the high-handed tactics of the Argentine Government, and a heavy sale of bootleg exchange by some of the companies who wish to withdraw their funds as quickly as they can. Those who look upon our South American relationships over a long perspective cannot but regret that the Finance Minister's compliments are directed solely toward Great Britain. It looks as though our rivals overseas have achieved a diplomatic and financial triumph of no mean order.

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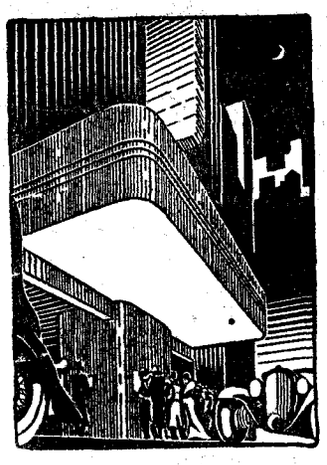
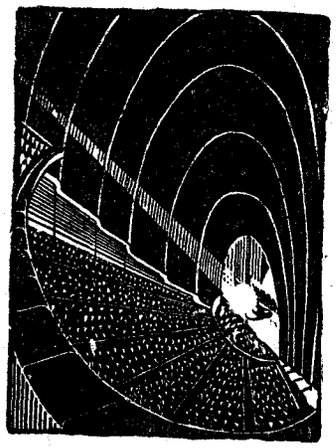


To See or Not to See

By Cy Caldwell



The Green Bay Tree *Play by Mordaunt Shairp. Presented by Jed Harris*

Ostensibly The Green Bay Tree is a study in spiritual degeneration, showing how Mr. Dulcimer, an elderly epicene, has reared an adopted son in his own sybaritic and effeminate image. When the play begins the petted youth has fallen in love with a healthy and hard working lady veterinarian who is battling with the old esthete for Julian Dulcimer's feeble affections, which are centered less upon his fond benefactor than upon the life of ease that he has been living. Julian's real father, now a fanatical religionist, finally kills the precious Mr. Dulcimer. But even this highly theatrical and insufficiently motivated crime does not save the weak and well kept Julian; for he inherits the old voluptuary's wealth and houses, his fiancée leaves him in disgust, and as the curtain falls he is pleasantly resigned to the life of ease for which the late lamented Ducy had fashioned him. Now, if you innocently accept all of this at its written face value, the play becomes meaningless; for what father, however fanatical, ever in real life killed another man only because that man had made his son into a loafer? But the play is not meaningless. At least it was not in the London production. The American version represents considerable rewriting to dodge the point and the New York Police Department. As Manhattan audiences have sufficient knowledge and imagination to replace the producer's cautious spirituality with their own ideas, the play of course takes its intended meaning, and all is well at the box office and the police station. Mr. Harris has wrapped his precious fable in an excellent production, with unfaltering characterizations as transparently clear as cellophane, by James Dale and Laurence Olivier as the old and young gentlemen in question. Leo G. Carroll is the perfect butler for a luxurious hedonist who does needlework, arranges his own flowers, and speaks in a high voice. Jill Esmond is capable as the fiancée, and O. P. Heggie plays the part of the fanatic as woodenly as it is written. The Green Bay Tree is a sophistical play for the intelligentsia, and so far as I am concerned the intelligentsia can have it.

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The Prizefighter and the Lady *Metro-Goldwyn-Mayer*

Here is a box office natural, grand entertainment for young and old, for highbrow and lowbrow. With Max Baer and Primo Carnera staging what certainly looks like a terrific fight to one who is not a rabid fight fan, there is more punch in this picture than there is in the average ring battle. I found a real thrill in that lightning-paced ring sequence; in such realistic scenes the cinema enters a field where the legitimate theatre cannot follow. But the prizefight angle is only a part of this grand show, for there is humor, suspense and a corking love story, with Myrna Loy as the girl who loves the pug, and with Max Baer amazingly demonstrating that he is an actor, which nobody suspected. I think that he will prove rather a treat to women, who by this time should be growing tired of gazing at lovely and languid young males who couldn't crack an egg, no matter how much they huffed and puffed. Ladies, I hope you'll give that young man Max Baer a big hand as a refreshing change from the male ingénues to whom we rough men of the audience have grown accustomed but never resigned. Walter Huston is at his best as the pug's manager, Otto Kruger is perfect as a gentlemanly gangster with a kind heart, and Jack Dempsey and a crowd of old ring champions add color to a perfectly grand picture that should appeal to all but the most feeble and enervated.

Thunder On the Left *Play by Jean Ferguson Black from the novel of Christopher Morley. Presented by Henry Forbes*

It was a hard job to transfer Christopher Morley's cryptic fantasy to the stage, and it is in no carping mood that I report that not all of the difficulties have been overcome; for, despite defects, I found the play fascinating, charming and moving. But to fall under its spell you must pay careful attention, lest the mood and the meaning escape you, for there is an awkwardness, both in the play and in the setting, which I found a serious handicap even to an intent listener. It is, as you probably know, the story of a little boy who achieved his wish to go among grown-ups as a child in a man's body—as a man with the understanding of a child. He found his former playmates grown-up and unlovely; they found him a strangely honest and disturbing creature, for honesty is a weird trait among the adult, whom it embarrasses and disturbs. The boy, Martin, met the man whom he was to become in twenty years; and when he found his way back to childhood it was to advise his playmates never to grow up. All of this is touchingly, beautifully, simply, but not always clearly projected by a fine cast in which James Bell, Katharine Warren and Louis Jean Heydt are splendid, and in which a group of six children are so wonderfully directed by Anton Bundsmann that they are not annoying, which is an achievement in itself. You will either understand and love the little play, or you will be confused and annoyed by it. And if you are confused the fault will not be yours alone, for the production lacks the perfection that such an elusive idea demands, even if the limitations of the stage cannot achieve it.

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Spring In Autumn *Comedy adapted by Nena Belmonte from the Spanish of G. Martinez Sierra. Presented by Arthur J. Beckhard*

One of those rather pleasant light comedies in which the dull stretches wear you down more than the bright moments lift you up, Spring in Autumn tells the slight story of a temperamental Spanish opera singer (Blanche Yurka) who, after a long absence, returns to her husband in the country and gradually decides that she loves him enough to stay with him. But when all is said and done (and there's a lot said and little done) you don't care whether she loves him or not. There is one good comedy scene in which Miss Yurka stands on her head and sings, but the rest of it is just so-so. If you have nothing better to do some evening the little play might amuse you. Then again, it might not.

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Her Master's Voice *Comedy by Clare Kummer. Presented by Max Gordon*

An expedition to the cinema wilds of Hollywood organized by that old explorer Max Gordon has rescued for the legitimate theatre Roland Young, Laura Hope Crews, and Elizabeth Patterson. They are to be seen at their best, and I advise you to see them, in a very funny and heart-warming little bit of nonsense by Clare Kummer, recently reported lost in darkest Duxbury and a play called Amourette. But Miss Kummer is herself again with a sly and twinkling farce that will keep you smiling throughout, and roaring at the most ludicrous and innocent bedroom scene ever devised. It's all mighty good fun, with a plot which is merely a rack on which to hang clever lines, excellent characterizations, amusing situations. The result is delightful entertainment in the lightest and merriest mood imaginable.

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Let 'Em Eat Cake *Musical comedy by George S. Kaufman and Morrie Ryskind. Music by George Gershwin. Lyrics by Ira Gershwin. Presented by Sam H. Harris*

This unhappy sequel to Of Thee I Sing is no merry song and dance around the Washington political Maypole. It is a shrill, strident wail about Fascism, dictatorships, revolutions: a savage, labored, over-wordy, under-musical snarl which fairly could be named Of Thee I Screech. True, it has several pleasant moments of good mean fun and froiic, gaily satirical incidents that easily win your approving laughter; but all of these are merely reminiscent, a careful re-wording of used ideas, a fleeting recapture of the original inspiration. Let 'Em Eat Cake is, on the whole, bitter, cheerless, annoying; it grins when it should smile, shouts when it should be quiet and sly, is ghastly when it should be gay and actually uses a monstrous guillotine when a rapier thrust of wit should suffice. No joyous inspiration attended the birth of this opus; it was sweated out in what must have been anguished travail; and the cast play it and vainly attempt to sing it as written. Such honors as there are go to Ira Gershwin for his lyrics and to Victor Moore for his still amusing Throttlebottom. But the grim Kaufman-Ryskind book cannot be downed by any lyric writer, nor drowned out by even such amorphous music as George Gershwin writes, with its dreary sawing of strings and its raucous trumpet blasts. Small wonder that those responsible for the settings and costumes became as blue as indigo and communicated their depressive mood to the very fabrics and materials with which they labored.

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Champagne, Sec *Adaptation of Johann Strauss' Die Fledermaus by Alan Child and Robert A. Simon. Presented by Dwight Deere Wiman.*

It is a quaint lot of old-time operetta luggage that the tuneful music of Johann Strauss carries so gaily through Champagne, Sec. The cumbersome plot is more than a bit of an old bore, and you may feel inclined to become impatient with it; but I hope that you will remember its age and treat it with kindly consideration. It doesn't force itself forward enough to spoil your enjoyment of Herr Strauss' delightful music, and that is what you go to hear. It is an elegant production that Mr. Wiman offers, and I hope that you're not too modern to enjoy it. Miss Helen Ford as the maid is a jolly treat to see and hear, and Miss Peggy Wood is excellent as Adele, a part which she acts to perfection and sings as well as she can. George Meader, Joseph Macaulay and Kitty Carlisle do their part to make Champagne, Sec, worth seeing.

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The School for Husbands *Molière's comedy adapted in rhyme by Arthur Guiterman and Lawrence Langner. Presented by the Theatre Guild*

If anyone could animate the parchment corpse of this ancient artificial comedy I'm sure that the Theatre Guild would be the people to do it. That it twitches into even a semblance of life is greatly to their credit as theatrical craftsmen, and perchance you may thank them for attempting the resurrection. There are several amusing moments in this new song and dance version of Molière's musty make-believe, thanks to Mr. Guiterman's bright jingles and to the playing of Osgood Perkins, June Walker, Flora Le Breton, Michael Bartlett and a good Guild cast under Lawrence Langner's direction. Unfortunately the situations, that may have been wildly hilarious in 1661, now are not amusing in themselves, and it is only the modern touch that makes them endurable. I found it all pleasant enough, but at times was inclined to yawn.

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Eskimo *Metro-Goldwyn-Mayer*

Painstakingly produced in the Arctic under the direction of W. S. Van Dyke, Eskimo is in large part an admirable screen record of the life and social customs of a primitive people, with interesting and at times intensely exciting incidents depicting the natives hunting whales, caribou, walrus, spearing salmon. Much of the dialogue is in Eskimo with explanatory sub-titles. Added to rather than welded into this excellent study is a grim melodrama in which the Eskimo hero kills a brutal white man, is arrested by the Canadian police, finally escapes. While this story seems real enough, it is so slow-paced that it never becomes thrilling drama. The film runs two hours, and in that time you simply hear too much Eskimo and English dialogue, see too much snow and ice, examine too many tedious details, become impatient.

Ten Minute Alibi *Melodrama by Anthony Armstrong. Presented by Crosby Gaige and Lee Shubert*

If you enjoy a literate and slow-paced melodrama with good characterizations and mental rather than physical encounters, this one should interest you. Discarding the usual murder play formula of clutching hands, yells in the darkness, loud reports of firearms and the problem of who killed Cock Robin, Ten Minute Alibi concerns itself with the question of whether or not the noble-minded killer of a sleek villain can outwit Scotland Yard. You see him, in the canny person of Bramwell Fletcher, plan and executive the crime to save the ingénue from what is usually described as a fate worse than death; and in the tingling third act you witness as neat a game of thrust and parry as you ever have seen. Despite the somewhat wearing repetitiousness of the first part of the play, it is on the whole an intelligent and superior drama of its kind, even though you don't believe that a sensitive young man would commit murder to save a dumb Dora, or that detectives could be so amiable and sentimental in their profession. But this all happens in London where perchance the sweet influence of Ramsay MacDonald has penetrated to Scotland Yard.

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Doctor Monica *Play adapted by Laura Walker from the Polish of Marja M. Szczepkowska. Presented by Robert Martin Productions, Inc.*

The lady who sits at my left and who knows her theatre from both sides of the footlights assures me that Doctor Monica is a play for women, and rather a good one, at that. I accept her judgment and merely record the fact that she was intensely interested, at times moved, by the excellent performances of Alla Nazimova, Gale Sondergaard, and Beatrice De Neergaard, who form the entire cast and inhabit the single setting in which the three wearing characters have their doleful being. At $3.30 per seat this works out to $1.10 apiece, including tax, which I think is too much for them. Speaking candidly to sour old men like myself, I'd advise that they avoid Doctor Monica and all her works and tantrums as they would the plague; I found her a tiresome, artificial bore, prating dismally about her rascal of a husband, who doesn't even appear, and about her operation so that she could bear him a child, and about her dismay and lack of nonchalance upon discovering that he had seduced a plump servant girl and didn't really love his wife. I don't blame him, really. Her friend (Gale Sondergaard), a frustrated female architect with an atrocious modernistic design for a babies' hospital, egged on Doctor Monica (Alla Nazimova) and the poor soul ended up devoting her highly artificial life to caring for abandoned babies in a hospital. I hope that they all cried and annoyed her as much as she and her dreary problem annoyed me. However, as the lady who sits at my left said, this may be a good play for women, for we men are depicted as miserable, untrustworthy wretches whom good and tiresome gals should cast aside for careers. Ladies, I hope you like it better than I did.

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Three and One *Comedy from the French of Denys Amiel. Presented by William Harris, Jr.*

The Three and One of the title turn out to be three brothers, sons of a dancer by different fathers, one a poet, one a financier, one an athlete with goatish tendencies; the One is the girl all are trying to win. After a long second act argument in the worst bad taste the goatish brother (amusingly played by Brian Donlevy) wins her for that night, then for no explainable reason leaves her to go on a tour with his mother and two brothers. That's all there is to it, and pretty dull and dismal stuff most of it is. But Manhattan audiences, sniffing sex tangles, are turning Mr. Harris's bundle of dirty French comedy linen into a hit. I found little of it funny, none of it exciting, most of it boring to the point of extinction.

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Thoroughbred *Play by Doty Hobart. Presented by Theodore Hammerstein and Denis Du-For*

A large second-night audience seemed to enjoy this horsey mixture of coarse comedy and doubtful drama, so perhaps I'm wrong in thinking that it is a bad play badly overacted by nearly all concerned except the horse, who in the first act looked in through a window, registered mild surprise at the goings-on, and then was led away to his stable, where, if he had any luck, Miss Florence Reed's shouts didn't penetrate. I rather envied him his early withdrawal from the play, which had to do with much loud and vulgar talk about horse-breeding and the mating of this human with that human, including the butler who had sired the horsey Mrs. Westervail's two mongrel colts.

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Will We Have A Money War?

By Alexander Morrow

A money war is not an impossibility Alexander Morrow admits in discussing the future of President Roosevelt's current monetary policy.

THE void in which the American monetary policy has subsisted since the United States abandoned gold last April, is now partly occupied again. On the 22nd of October, the President reiterated the immediate monetary aims of the Administration, and set forth the devices which the government would employ to realize them. Few addresses have been as eagerly awaited as the presidential pronouncement on money. For months, the dollar had been allowed to drift as a vagrant currency. It had been at the mercy of camorras of international speculators, the irrational fears of persons in many countries, political disturbances in other continents, and the vicissitudes of world trade. No attempt had been made by the American authorities to protect the dollar from the diverse pressures to which it was subjected in the money markets of the world. The chief solicitude of the government was to raise the internal price level, and the departure from the restraints of gold was not limited by any measure to control changes in the external value of the dollar.

However, the fluctuations which had taken place in the international value of the dollar had frequently disrupted the calculations of the government in its efforts to alter the internal price level. Through the Administration is mainly concerned with the rebuilding of America's internal economy, the behavior of the dollar in terms of other currencies cannot be overlooked. Moreover, the clash of economic interests caused a collision of opinion concerning the manner in which the money system should be re-established. The farmer and lesser business man renewed the clamor they have always emitted in the recurring periods of the Depression. They demanded that there be inflation—a blessed operation which they believed would mitigate their woes. The financial interests advocated a sound currency, and spoke with approbation of their own version of stability. The discordance of contrary views, and the uncertainty that surrounded the future of the dollar, had a disturbing influence upon business, which looked forward uneasily to a period of uncertainty and confusion. In the last week of October, the recovery program had undergone a serious setback. The prices of many commodities began to recede. The farm leaders started from their silence and proclaimed that the disadvantage as compared to industry from which the farmers had formerly suffered, still harassed them. There was no further decrease of unemployment, and production in many industries declined. A disquieting fear that the Roosevelt program would collapse was diffused through the entire country. Amid such circumstances, the President could no longer defer what he was being implored to do—to end part of the chaos by stating how the government proposed to settle the problem of money.

The President affirmed once again what the present objects of his monetary policy were: "The definite policy of the government had been to restore commodity price levels. The object had been the attainment of such a level as will enable agriculture and industry once more to give work to the unemployed. It has been to make possible the payment of public and private debts more nearly at the price level at which they were incurred. It has been gradually to restore the balance in the price structure so that farmers may exchange their products for the products of industry on a fairer exchange level. It has been, and is also, the purpose to prevent prices from rising beyond the point necessary to attain these ends."

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The President's statement, however, is no formulation of a permanent money policy. The kind of monetary system that would prevail after the present purposes are accomplished, is but foreshadowed in his speech. The President has contrived, by a maneuver, to postpone the expression of a government policy which has not yet been crystallized. The technique that he has promulgated is principally important as the forerunner of the enduring basis that will be established.

The President declared that the Reconstruction Finance Corporation "would buy gold newly mined in the United States at a price fixed from time to time after consultation with the Secretary of State and the President. Whenever necessary to the ends in view, we shall also buy or sell gold in the world market."

The policy of orderly delay upon which the Roosevelt Administration has embarked, has meant all things to all

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men. All factions were disappointed that no final policy was stated, but at the outset, all found something satisfactory in the plan. The orthodox delighted that gold was not wholly abandoned. The inflationist found comfort in the assertion that the value of the dollar would be lowered. But though the maneuver of the President may have been adroit, the demand for a permanent policy was not satisfied by his transitory devices.

That dissatisfaction was nourished by the profound, universal bewilderment about the effects of the new gold policy. If the acknowledged experts had more faith in the efficacy of the technique to reach the goals set up by the President, the insistence upon a permanent policy might have been deflected. But the important people in Wall Street frankly avowed their perplexity about the ultimate objective, and their skepticism about the technique. They assumed a hostile attitude of waiting for the project to fail. Only by a definite policy which would be pursued with knowledge and resolution would the President disband the enemies of his gold policy.

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But where wise resolve should have been displayed, only jumbled ideas and vaccilation were manifest. At the close of the first week, the opposition of the bankers had solidified. Their publications again urged vehemently that the United States return to the conventional gold standard. The ineptitude which the government had shown during the first week, had lent the argument of the banker a strong plausibility.

The first part of the government plan, which is to purchase newly mined gold at prices to be fixed by the Treasury, is only significant as an influence upon the state of opinion. It is a convenient means of informing the world of the value that the government attaches to the dollar. The amount of newly mined gold is too inconsiderable to have any other effect. The second part, however, to buy and sell gold in the world market, in order to control its external value, is incontestably a potent instrument. It can serve to wrest the control of the movements of the dollar from the speculators, and to regulate the external value of the dollar to suit the exigencies of its domestic program. The Administration, during the first week, mainly from uncertainty, ignored the second plan and used only the first.

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On October 25, quotations were made for the first time, according to the new plan, as to the price at which the government would buy newly mined gold. New regulations provided that the announcement of the purchase price of gold be made daily between 9:30 and 9:45 A.M., even if there be no change in the price. On the first day, the price of gold was fixed at $31.36 an ounce. This was the figure at which the R. F. C. would buy gold newly mined in the United States and its territories. Much astonishment was manifest that this price was only twenty-seven cents an ounce above the world market price. The price was about 51 per cent above the gold par of $20.67 an ounce. This indicates that the R. F. C. valued the dollar at 65.91 cents in terms of gold. The bankers were unable to calculate how the R. F. C. had arrived at its price. It was conjectured that the price had been based on the London quotations of the previous day for bullion, which at the prevailing rate of exchange was about $31.09 an ounce. The twenty-seven cents had been added to make the American price above that of the world price.

The fact that on the same day that the R. F. C. gave the dollar a gold value of 65.91 cents, the dollar had a value of 67.03 cents in terms of the gold franc, caused the experts to doubt that the government could control the dollar merely by fixing a price for the internal purchases of newly mined gold. Since only American gold would be bought, the dollar would have two values, one for the R. F. C., and one in the world of trade and finance. The latter is far more significant, for it is the value the dollar would have in the transactions of business. Arbitrage, i. e., the flow of gold from a place where it commands a smaller price to one where it commands a higher, could not be practiced, and so the dollar would not tend to have an equal value everywhere. The only way in which the government could actively manipulate the value of the dollar in the world market is by buying gold with dollars when it desires to lower the value of the dollar. When the government desires to decrease the price level, it can resort to the sale of gold. This scheme has been used by the British during the last two years. They have established an equalization fund which has regulated the external value of the pound by buying or selling gold.

Another apprehension which was expressed by many was that any attempt by the American government to depress the value of the dollar in terms of other currencies would provoke the retaliation of foreign nations. They would dislike the advantage which American trade would gain by cheapening the dollar, and would counteract by depressing their own currency. Such a course, if carried to its melancholy conclusion, can only lead to disaster, or the foreign government might retaliate by imposing an embargo upon the sale of gold. However, there is no imminent prospect of a currency war. If the American policy is moderate, it is unlikely that the European countries will intervene. Yet if there is no coöperation among the central banks of the major countries, the danger of money warfare is omnipresent.

The most fervent admirer of Roosevelt cannot dispute that he erred in his tactics. Though the time is not opportune for the declaration of a durable policy, the President might have stated more fully what his ultimate aims were, and might have described some of the monetary problems that he will encounter in the course of his evolving judgment. In his address he intimated what that policy would be, but he should have realized that intimations would only baffle the economist and financier. He should have anticipated their perplexity and known its source. The mystification they have exhibited does not reflect their ignorance so much as their immersion in dogma. To one who is emancipated from the pre-

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possessions of the bankers, the purport of the Roosevelt policy is plain. But such persons are few. Those who are versed in finance are usually professionals. Few laymen have any knowledge of the problems of money.

Such persons will be aware that the Roosevelt policy is no anomalous choice. It is intimately related to the recovery program of the Administration. The chief difficulty is that the President has not stated the conditions of a permanent policy which he has left, perhaps from timidity, in a state of incompleteness.

The President has realized that America cannot now return to gold, but apparently his opinion is not wholly settled that America will be unable to return to the orthodox gold standard even after the present emergency shall have vanished. Hence he has adopted a makeshift which, though it appears generally to belong to the category of managed currencies, is too indefinite to be classified readily.

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The fundamental aim of a managed currency is the professed one of Roosevelt—to control the internal price level. He desires to raise prices until they attain a certain level, and then to keep them stable. The exponents of managed currency accept the quantity theory which declares that prices are determined by the relation between the amount of goods and the volume of money and credit. If the amount of goods increases, while the volume of money and credit remains stationary, prices will fall, while conversely, if the amount of goods decreases and the volume of money and credit increases, prices will rise. The advocates of managed currency would make the steadiness of prices their criterion of banking policy. They renounce the basis of gold. A group of experts would manipulate the volume of money and credit with the devices available to central banks, for the purpose of enabling the dollar to buy the same amount of goods at various times. The dollar will be valuble as purchasing power, not because it is redeemable in a fixed amount of gold.

Gold, however, will not be wholly discarded. Since each country has its own currency, there must be some measure to which the value of these could be ultimately referred. Francs are not acceptable in England, while the pound has no value in America. Gold can be retained to serve as this measure. But plainly, under a managed currency, the dollar cannot have a fixed value in terms of gold. The economic rhythms of various countries differ, and if the unit of money would be fixed in gold, one currency could not behave differently from its fellows. In other words, the endeavor of the authorities in each country to control the price level would be impossible. Under the managed currency, the government will announce from time to time the price as which it will buy and sell gold. This price will be based upon the conditios that are necessary to make the internal price level stable.

This plan differs from that of Roosevelt. According to the President's plan, the government only buys gold at (a) stated prices; it does not sell gold at all. Secondly, as I have stated, the proposal to buy newly mined gold is extremely ineffective. The proponents of a managed currency make no distinction between gold old and new, or gold that is mined in the United States or South Africa.

The managed currency does not presuppose that the fixing of a gold price will raise internal prices or initiate a change in the price level. The change in the price of gold can only bring the external value of the dollar into harmony with its value in terms of goods. The advocates of this plan believe that only by increasing the volume of money and credit and the speed of their circulation can prices rise. The price of gold can only record changes that have already occurred.

This plan is no academic concoction which is wanting in reality outside the classroom. The successful working of the NRA, or any other project of controlled capitalism, requires some variant of the managed currency. The gold standard has lived for a long time, but gave up the ghost when the United States embarked upon the experiment to impose social controls on business.

The gold standard sacrifices internal stability of prices for a stability of one currency in terms of other currencies. Under the gold standard the price level in one country, expressed in gold, cannot deviate too much from the price level of other countries. If the price level were much higher, that is if currency which is redeemable in gold would buy less of commodities, that country would experience a loss of gold until the disparity in the price level was remedied. Plainly this conflicts with the program of the Roosevelt Administration. That program envisages a steadily rising price structure until a certain level is attained, and desires to maintain that price level. According to the gold standard, however, the internal price level is shifted to retain the constant value of the dollar in the international realm.

The economists and financiers who continue to advocate the return to the conventional gold standard have failed to realize that the recent innovations in American economy have rendered their cause absurd. The recovery program is incompatible with the gold standard. The United States has decided to regulate its economy, and that requires the control of the internal price level. Even after the present emergency vanishes, the United States will have to subordinate the foreign value of the dollar to the steadiness of its internal value.

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In times when confidence prevails, no one redeems currency. In a period of panic, when there is a universal movement to exchange paper to gold, gold payments are suspended, because the amount of gold is insufficient to redeem the mass of money. Thus, the continuation of a planned capitalism must inevitably impel the President to renounce the gold standard and consider changing customs in monetary practice in the formulation of a new policy.

The objections that are levelled against the managed currency by its enemies are various. We have already disposed of the argument that only the gold standard offers stability. There remain to be considered, first, the fear of inflation; second, that the external value of a currency is subject to violent temporary fluctuations; third, there is no stable medium in which international transactions may be settled; and fourth, that a money warfare between nations is an omnipresent danger.

It is evident that I cannot within the narrow limits of this article, state these objections fully or rebut them in detail.

(*Continued on page* 63)

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Twilight in the Philippines

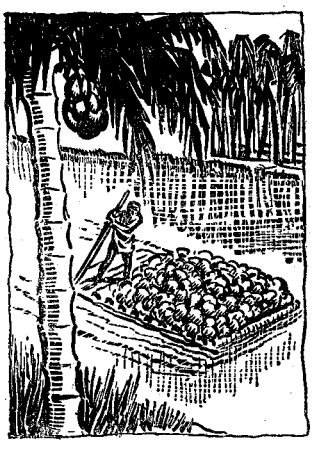
By Arthur Driscoll

The end of a dream of empire is indicated with the approach of Philippine independence. Charles Driscoll, a former American resident of the islands, warns of the trouble which this step is expected to bring.

"AMERICA is staging a great fadeout in the Philippines." This was the slangy, but graphic, comment of an American businessman in Manila a few months ago when I asked him his opinion of what the recent Congressional independence bill meant for the Philippines. In March, when I left Manila, this opinion was general among the Americans in the archipelago. Like the fall of the short tropical night, the days of Empire in the Philippines seemed to be rapidly receding into darkness. Apparently, transition had definitely arrived for the Islands and twilight had come for American enterprise.

Following the passage of the Hare-Hawes-Cutting Bill by Congress, the end of our Philippine philanthropy appeared very near. This conclusion was significantly, if indirectly, borne out by an editorial in the American Chamber of Commerce *Journal,* published in Manila, which welcomed the uncertainty contingent upon Filipino acceptance or rejection of the Independence Bill as probably the best thing that American business in the islands could hope for before independence became an accomplished fact.

Latest reports from the Islands, however, state that the Filipinos have repudiated the Independence Bill as unsatisfactory and that the thirty-year controversy over independence will be renewed. Rejection of the proffered independence based itself on Filipino fear that the transition period of approximately twelve years was too long, that the restrictive power to be vested in an American High Commissioner would differ very little from the dominant authority now exercised by a Governor-General, that the quotas on sugar and cocoanut oil were so low that they would ruin Philippine industry, and that a better bill might be obtainable from a Democratic President and Congress.



Should America remain in the Islands? Are the Philippines ready for independence? Will the Filipinos be able to maintain a stable government? Since my return from a two-year residence in the Islands, I have often been asked these questions.

That America should, or should not, remain in the Islands strikes me as more academic than vital. Despite the recent Filipino action in rejecting the Independence Bill, America's adventure in the Philippines appears destined to terminate with this bill, or one very similar to it. America's present policy toward the Philippines seems to be motivated by a desire to rid herself of the Islands. Mass sentiment in the United States, the expressed decision of the Jones Act to free the Filipinos just so soon as a stable government is realized, and our policy of Filipinizing the government of the Islands by displacing Americans in the insular civil service with natives would indicate that independence cannot long be postponed. The pressure of the American sugar-beet producer, the enmity of our farmers faced with a butter-fat industry endangered by imported cocoanut oil, and the competition of white labor with ill-paid Filipino labor along the Pacific Coast create a public sentiment that promises Filipino independence at any cost.

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All our benevolent interest in the welfare of "our little brown brother" has vanished before the fury of forces that seek their own preservation first. Bitter Americans in the Philippines may declaim against the blindness of Americans in the homeland and deplore their brethren's lack of comprehension of the enormous natural wealth of the Philippines and the favorable trade relations which America now enjoys with the Islands, but what avails it to talk Empire to a people proud of their own self-sufficiency and presently more nationalistic than ever?

Old Americans of thirty years' service in the Philippines still dream the Dream of Empire and behold the eastward march of the flag, but then they are only contemplating phantoms, old glories, delusions. Were they English or Japanese they might dream pleasantly and profitably, but being Americans the vision will be denied them. The imperialist may present a plausible argument that the American policy of promising independence and the American program of granting it were twin mistakes, but the debate will not resurrect a dead issue nor awaken the spirit of the soldiers whose blood dyed the jungles of gloomy Samar or shed itself fighting the insurrectos on the Caloocan Line. If independence be achieved, the Philippines may, as many Americans in the Islands devoutly believe, become another Cuba; but it were too much to expect present American statesmanship to reimburse itself for the loss of thousands of soldier dead and dreadful sacrifices be-

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neath the Southern Cross with another and greater Hawaii.

What independence will really bring is unpredictable. No American resident in the Islands can infallibly prophesy failure; no Filipino patriot can see foregone success. The whole affair is too hazardous and too complex. The best that anyone can do is to paint the Philippine canvas as well as he can and give a few personal impressions.

To the stranger the Philippine scene is very tranquil. An isolated incident like the Jolo Massacre in which a Filipino constabulary detachment of twenty-odd men was ambushed and slain by Moros may mar the serenity, but the traveler can go the length and breadth of the archipelago in perfect safety. The people are hospitable and peaceful. However humble his home or poor his purse, a Filipino never slights the social amenities. I have known American government officials, traveling through the Islands on a *per diem* allowance, to visit a backward barrio, receive the hospitality of the *Presidente* in lodging and entertainment, and find the host indignant at any suggestion of recompense.

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Public order is sternly maintained. The American Army and Navy, in conjunction with the Philippine Scouts and Constabulary, keep the peace capably. There is little danger, while the American warships remain in Manila harbor and two regiments of the American army guard the land, that there will be any serious internal trouble. Thus, the Tangulan Uprising, born of the agrarian unrest of two years ago, was speedily crushed by the military. Whether peace obtains after independence is quite another matter considering the racial and factional elements involved, the mercurial temperament of the Filipino people, and the meager revenue that any Philippine government unaided can employ in maintaining an efficient constabulary. At present, governmental restrictions on the sale of firearms assist in creating a public order which markedly surpasses conditions in our own country. During the early years of American rule, the province of Samar, as an aftermath of the insurrection, was known throughout the Philippines as "dark and bloody Samar" because, as one writer accuratedly stated, "its history was a lugubrious repetition of bloodshed, pillage, and incendiarism." Yet, in 1931, I spent six months on the Island of Samar and found it extremely peaceful.

But the resident in the Philippines soon acquaints himself with the veneer and external appearance which so frequently deceive the transient there. While peace and order prevail in the Philippines, there are disturbing elements, only superficially hidden now and altogether glossed over by Filipino politicians and the American Congressmen who recently investigated conditions for campaign material in support of the Hare-Hawes-Cutting Bill, which may cause trouble later. These elements deserve to be evaluated insofar as they menace the safety of the Philippines now and in the future. The five danger lights are: first, the distrust and suspicion of the different groups in the Philippines for one another, such as the hostility, veiled or open, of Tagalog for Visayan, and Moro for any Christian Filipino; second, the oppression of the *tao,* or laboring class, by the *illustrado,* or leisured group; third, the fear psychology of many Filipinos who would like to speak freely but cannot; fourth, the aversion of most Filipinos for business; and fifth, the lack of adequate military protection against external aggression.

The statement reputed to a prominent Filipino leader that the Christian Filipinos might do well to send a few airplanes filled with bombs south to Mindanao to destroy the half million Moros there is matched by the vehemence of the Cotaboto Moro who told me that when independence arrives Mindanao will rid itself hurriedly of the Christian Filipinos sent from Manila to govern it. This centuries-old feud, a heritage from the days when the Moro vintas raided the seacoast villages in the Visayas and so threatened Manila that the Spanish rulers built a wall and dug a moat around the city, is not extinct. A difference in religion—the conflict between Mohammedanism and Catholicism—has a corollary in the hostility between the Moro, follower of Mohammed the Prophet, and the Christian Filipino.

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The foisting of Filipino officials upon Mindanao has not improved a bad situation. The Moros accuse their enemies of excesses, cupidity, and deceit. The Moros never expected Tagalogs and Visayans to come to govern them, but such has been a thirty-year American policy of educating the Filipinos for leadership that the Filipinization program also included a "Noble Experiment" for the Moros in seeing ambitious Filipinos practicing and learning the arts of government at Mohammedan expense. When the Moros surrendered to the Americans at the end of the native insurrection, they understood that they were never to become part of a Philippine nation. The present congressional independence bill makes them an integral part of a future Filipino Republic.

Outnumbered twenty-five to one by the Christian inhabitants of the Islands, outmanoeuvered constantly by Tagalogs and Visayans in the native legislature, and sold out by an American government which licensed the betrayal, the Moro has perforce accepted Filipinos as administrators. But when America withdraws, the necessity for turning the other cheek to their Christian foes will not be so apparent. As an American well-traveled among the Moros pointedly prophesied: "When independence comes, somebody is going to make a great deal of money running guns into Mindanao. The home-made guns secreted in the jungles and hills won't be sufficient."

Another phase of this discussion includes the various antagonisms existing among, what loosely may be called, the Filipino tribal groups. A common fallacy in America is that the inhabitants of Luzon and the Visays constitute one people. The census enumerates two and a half million Tagalogs in the vicinity of Manila; and three and a half million Bicolanoes, Ilocanoes, Cagayans, and Zambalans also on Luzon; and five million Visayans inhabiting the Southern Islands. Physically they all look alike and racially they belong to the same Malayan stock, but mentally they differ. These differences are of a subtle sort, and not easily analyzable. As a consequence, the Tagalog senses rather than defines the difference between

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himself and a Visayan and then magnifies this difference into a feeling bordering on arrogance. The Visayan, better-natured and less clever, detects the cockiness of the Tagalog and dislikes him for it. A penetrating Visayan woman once cast a half-humorous slant on the situation. She said, "These Tagalogs don't make the husbands that the Visayans do. They don't treat their wives as generously as our husbands treat us." The Bicolanoes, Cagayans, and Zambals have similar jealousies and prejudices. The Negritos and other mountain people, who differ in race and customs, hate their Christian lowland neighbors with an intensity conceived of frequent exploitation and land-grabbing. I distinctly remember the venom in the speech of a little pathetic half-Igorot, half-Tagalog girl in Manila as she bitterly assailed the Tagalogs for untrustworthiness. It made no difference that her own father was a Tagalog. Her entire loyalty was reserved for her Igorot mother in Baguio. All this friction explains why the Filipinos are not one people and accounts for the difficulties in the Philippine Legislature where the tribal feelings smoulder or flame up as occasion warrants.

The triumvirate of leaders—Senate-President Quezon, a Tagalog, and Senators Osmena and Roxas, Visayans—have softened these antipathies by their policy of mutual coöperation in seeking independence, but the moment the political teeterboard becomes unbalanced by the death of a triumivir, political estrangement, or weakening political influence, trouble will begin. Lately, on the proposition of accepting or rejecting the Hare-Hawes-Cutting Bill, Quezon opposed while Osmena supported the measure. Almost *en masse* the Tagalog contingent clove to Quezon while the Visayans rallied in large numbers to Osmena. The defeat of the bill was a Quezon victory, but the ill-feelings aroused in the breasts of the Osmena faction are not likely soon to be forgotten. An election for the Presidency of a future Philippine Republic might very well be a struggle for supremacy between Visayans and Tagalogs.

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In a private conversation a Filipino acquaintance in Manila voiced a fear that many Filipinos feel in his remark that independence may see the poor in the Islands rise against the rich. In his monumental and brilliant book, "Philippines Past and Present," Dean Worcester described the terrible evils of slavery, peonage, and caciquism that plagued his administration of the interior department. Legislation has ended the cruder forms of slavery, but peonage and caciquism still exist. In Samar, Cebu, Manila, and in other places I saw families controlling servants who were little more than slaves.

The device to secure and keep a servant is simple. A young boy or girl may be taken from his parents to work off a debt which the parents have contracted. For instance, a farmer may owe P100 ($50) and may give his son or daughter into the service of his creditor. The servant receives about six *pesos* a month as compensation, but his master keeps him in servitude by charging him 8 *pesos* a month for his food and clothes. In Cebu one of the most prominent Filipino families had fourteen servants, male and female, who were employed on these terms. In another city I knew a government official who had two girl servants, or *muchachas,* ages 15 and 17, and a 10-year old boy whose impressment promised to be permanent as their expenditures on food and clothes always outran their earnings. This virtual slavery exists generally throughout the Islands.

The evils of caciquism arise from the practice of a landowner or townsman who, through usury, trickery, or threat of imprisonment, keeps his tenants as serfs. The recent Tangulan trouble in Pangasinan was essentially a revolt against cacique exploitation. Only prompt action by the constabulary put down the insurrection and prevented the flames of agitation from spreading. Much of the old Pulahan trouble in Samar—the massacre and destruction of the dwellers and villages along the seacoast by the "men in red"—began in the injustices practiced upon the hillmen by the seacoast traders who gave the people from the interior very little for their products yet sold these products at a large profit. The program of former Governor-General Roosevelt to create a "small-farmer" class in the Philippines was designed to place the ownership of the land in the hands of those tilling it and was directed against the cacique system.

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At present acute unemployment accentuates the economic unrest. A heavy decline in copra and hemp exports has worked hardships on thousands of day-laborers and tenant farmers. While the Depression did not reach the Philippines until 1931 and the ease of obtaining food and shelter in the tropics cushioned the crisis, the distress is patent. Drastic governmental reorganization affecting hundreds of employees, a 15 per cent reduction in governmental salaries, and thousands of jobless high school and college graduates testify to diminishing Philippine trade with America and the world.

Conditions are very grave. Not unnaturally, many Filipinos frankly express their fears for the future. They wonder what independence will bring for *tao, cacique,* and *illustrado.*

When former Secretary of War, Patrick Hurley, visited the Islands in the last days of the Hoover Administration to ascertain whether the Filipinos could maintain a stable government without American aid, he discovered that many prominent Filipinos and Moros would give testimony in confidence which they would not state publicly. The reason was manifest. These speakers feared the resentment of those in power. In the Philippines, independence has been a political battle-cry for many years and is vehemently espoused by all the *politicos.* Many private citizens question the wisdom of immediate independence, but they dare not express themselves lest the politicians make life decidedly unpleasant for them. Katherine Mayo's "Isles of Fear" is a highly colored and, in many ways, an inexact picture of the Philippines, but it certainly does not exaggerate the fear which many Filipinos have for their leaders. The Italian who criticizes Mussolini is about as diplomatic as the Filipino who goes counter to Manuel Quezon. Constitutionally every Filipino has the right to criticize the government, but actually those who dare are few. Before any great advance can be made in the Philippines, this fear psychology will have

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to be eradicated. The method is not now apparent.

The fourth obstacle that menaces Filipino aspirations is the common Filipino aversion to business. Ninety per cent of the business of 13,000,000 Filipinos is transacted by 60,000 Chinese. In Spanish times, mercantile work was frowned upon and the majority of Filipinos are not yet convinced of the usefulness of trade. Emphasis on a strictly academic education has guided the best intelligence of the people into the professions and away from business. The Chinese have been left unmolested to establish stores and tiendas everywhere in the Islands and to gain almost absolute control over the economic life of the Filipinos.

This state of affairs is serious. Until the time comes when the Filipinos themselves turn to commerce, the Philippines will rest on an unsteady keel. Free-trade with America has produced a hot-house development. The hard school of business training from which Japan graduated in her commerce with the world never appeared for the Philippines. America's "Big Brother" attitude has made the path too easy for Philippine business. Many Filipinos candidly concede these criticisms. They perceive that the American and English business firms have trained a few excellent Filipino subordinates, but also feel that these companies, in reserving the key positions for Americans and Englishmen, have not developed any Filipino business executives. They know that as it is now the few Filipinos in business for themselves and the relative handful of native clerks and stenographers in the foreign commercial houses would soon be at sea if suddenly called upon to captain and man the nation's commerce. Faced with the probability that free trade with America will vanish with independence and confronted with the possibility of Japan and China flooding the Philippines with cheap products, the Filipinos are beginning to see that they must prepare themselves for commerce, create new markets, and seek in divers ways an easy economic adjustment from the present political status to a future independent status.

The fifth hurdle that the Filipinos must overcome is to find some guarantee of protection from external aggression. For many years, the Filipinos professed belief in the efficacy of the League of Nations to protect the property of weak nations. The Manchurian incident disillusioned them considerably, and certainly did not lessen their fear of the banner of the Rising Sun. The mass of Filipinos now believe, I think, that a few small nations may not need to rely upon their armaments but that those nations are not in the Far East. Certain Filipino politicians have desired that America strengthen the Four-Power Pact with a special agreement safeguarding the Philippines against invasion after independence. This desire is something in the nature of a prayer. Most Filipinos, however, doubt greatly that the United States would ever underwrite such a program. From the American standpoint, it would be absolute folly to relinquish authority in the Islands and, then, to guarantee their neutrality. It is easy to conceive of a situation in which the Philippines might provoke the enmity of a hostile power and perhaps merit invasion. To have America pledge herself to fly to the assistance of the Philippines and spend thousands of American lives and millions of American dollars in a war, the outcome of which would be very uncertain, is expecting a great deal from American diplomacy. From such a war all that America could hope to secure would be to rescue the Philippines at a terrific price and, mayhap, to re-enact the not altogether successful role of "Big Brother."

Their own defenses the Filipinos know are inadequate. The last Philippine budget was balanced at something like P54,000,000. That budget barely suffices for the current activities of the administrative, judicial, health, and education departments. Only a year ago a great cry went up in the Islands when our War Department tentatively decided not to subsidize the two regiments of Philippine Scouts in order to carry out the aims of the American economy program. Filipinos complained in the press that as long as America ruled the Islands we should support our Filipino auxiliaries, but privately they agreed that they could not possibly support these two regiments of native soldiery from their own finances.

Most Filipinos are ardent advocates of a Philippine navy to protect their extended coast line. Many times I have questioned individual Filipinos about their ability to have their own navy. The interrogation usually ran like this: "Why are you so anxious to have a navy at all?" The reply invariably was that at not too distant a day the Philippines would receive their independence and would be forced to fend for themselves in a chaotic Orient.

"What," I then have asked, "is the revenue of your government?" The reply was naturally the P54,000,000 contained in the budget for the past year.

"What percentage of that amount could you expend for naval construction and what is the cost of a warship?" Usually the interrogation ended at the point that in one year alone the Philippine government could hope to construct and equip no more than one modern battleship. It was almost too ironic ever to pursue the inquiry further.

Badly handicapped financially, the Filipinos will face either bankruptcy in erecting national defenses to preserve their independence or pure defenselessness in the most dangerous and explosive sector of international relations. Their dilemma is not a pretty one.

As independence draws nearer, the dangers that I have depicted will appear more serious. Both the Americans in the Islands and the Filipinos themselves realize the tremendous problems facing a free Philippines. Undoubtedly many Filipinos oppose immediate independence through fear of the consequences. They may be the wisest. On the other side, one must admire the courage of those Filipinos who seek their liberty even at the cost of their own economic well-being. One can comprehend, too, the attitude of those Americans, resident in the Islands, who tremble at the outcome. Many of them feel that independence will give the Filipinos both liberty and death. But Quezon defiantly insists that he "prefers a government run like hell by Filipinos to a heavenly government ruled by Americans." The trend of events foreshadows some such experiment in self-government. The stage has passed when Americans could smile as Englishmen taunted them with the declaration that the Philippine Legislature was only America's kindgergarten. Out of that kindergarten must come the direction of government for 13,000,000 people and the guidance of the Sunset Islands. Despite the rejection of the Hare-Hawes-Cutting Bill, independence is coming for the Philippines and twilight for America there.

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Outstanding Books of the Year

Reviewed by Robert Cantwell

SOMEWHERE AROUND eight thousand books are published in this country each year, so many, in any event, that no one individual can hope to read any no one individual can hope to read any attempt anything approaching a comparative appraisal of the whole list. Even if you limit the field to works of general interest there are still far too many titles coming under that head to try to consider them all. But out of the eight thousand or so books published this year, I've read at least two hundred, chosen more or less at random, and I have started, and been unable to finish, at least two hundred more, and with the qualification that there has been an overemphasis on fiction in this reading I think it provides a fair cross-section of the sort of books we've been given during the past twelve months.

Certainly the number and variety of these books are too great to permit of wholesale characterizations. A great many intellectual trends and tendencies are apparent—so many, in fact, that the question becomes one of deciding which are the more important. And the strongest impression, if the list as a whole is considered, is a negative one—it is simply the lack of outstanding contributions from the masters and near-masters of modern writing. No one of them has revealed a broad grasp of the conflicts in which the world is now involved; no one of them seems to have been sufficiently stimulated by these conflicts to try to express them in a major work. On the contrary the major writers seem to have been reduced to silence, or to distinctly minor efforts.

From Shaw, for example, we have had only "The Adventures of the Black Girl in Her Search for God" (Dodd, Mead), an amusing echo of Voltaire, but hardly a major production. From Thomas Mann there has been only "Past Masters" (Knopf) a collection of literary essays, graceful as essays but disappointing as the work of a man who was so deeply stirred by the War that he was able to produce "The Magic Mountain." Gide has written nothing, nor, to drop down a few notches, has Dreiser. T. S. Eliot has published a revised collection of his essays in "Selected Essays" (Harcourt Brace) and no poetry; Aldous Huxley has been content to give us an anthology of verse in "Texts and Pretexts" (Harpers). H. G. Wells has written another of his pictures of the future in "The Shape of Things to Come" (Macmillan), certainly no improvement over his previous pictures of the future; Sherwood Anderson, in "Death in the Woods" (Liveright) shows no development over his first short stories; Hemingway, in "Death in the Afternoon" and "Winner Take Nothing" (Scribners), has produced a volume on bull-fighting and a collection of short stories that are suggestive and technically brilliant as his books always are, yet still disappointing because they reveal no real advance over what he has done before. Sinclair Lewis has at least attempted a major work, but "Ann Vickers" (Doubleday Doran) is a forced and grudging novel, the artificiality of its conflicts only partially concealed by Lewis's skill. Even Upton Sinclair, who one would imagine should be most stirred by these times, has given us only a biography of William Fox, exposing dirty work in Wall Street, a slim pamphlet of letters to a young manufacturer, and dozens of communications explaining how he happened to get mixed up with Eisenstein in making a motion picture on Mexico.

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No, as far as the major writers are concerned, it has been a bad year. And when you get down to the promising figures of a few years ago, the poets, dramatists, critics, novelists from whom so much was once expected, the lack of intellectual leadership is even more striking. Thornton Wilder has offered nothing; Glenway Wescott, in "A Calendar of Saints for Unbelievers" (Harpers), a volume that gives the impression of having been tossed off in an afternoon; Van Wyck Brooks a revised edition of his "The Ordeal of Mark Twain" (Dutton); Eugene O'Neill, after his prolonged tragedies, a gentle comedy in "Ah, Wilderness!" (Random House). Robinson Jeffers has rewritten his poem about death, lust and humanity's degradation, calling it, this time, "Give Your Heart to the Hawks" (Random House). And Branch Cabell has surely set a new low for triviality in "Special Delivery" (McBride) a volume of the sort of letters he would like to write to the literary pests who annoy him.

Enough has been said to indicate that the better known writers at least haven't given us the kind of work we're now entitled to demand of them. The point is important, for it partially explains the widespread interest in the writing of a group of newcomers, and it throws some light, as far as fiction is concerned, upon the extraordinary diversity of the year's production. Facing a world in which the process of change has been enormously accelerated, and one in which social conflicts have grown more and more intense and violent, the major writers have turned to tending their own well-cultivated gardens, while their followers are making the first tentative efforts to resolve the confusions they find all about them. There have been three courageous attempts which modify this picture: Gorky's "Other Fires" (Appleton), a chronical of a Russian intellectual's experiences in the revolution of 1905, the third volume of a tetrology which will cover a whole period, a subtle, conscientious work, but one which demands considerable familiarity with the background; Jules Romains' "Men of Good Will" (Knopf), the first volume of a book which is to paint a picture

(*Continued on page* 60)

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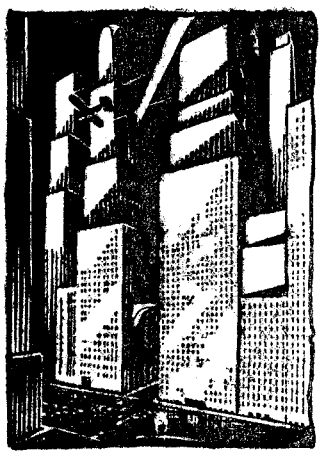
Talk of the Nation



Red Letters

THE RECOGNITION OF RUSSIA BY THE U. S. has brought up again the ancient question of Communist propaganda in the United States. Our fair land will not be overrun with the insidious Soviet poison, attacking property, church and family in the familiar Bolshevik way. M. Litvinov has promised that his government will neither make, nor countenance, any attempt from Russia to convert Americans to socialism, neither by direct propaganda nor by underhanded financial aid to agents placed here for that purpose. Russia will mind its own business (so the promise runs) and leave the Marxian truth to be discovered by our own unassisted efforts. Whatever boosting for revolution is done here must be a strictly native product. This led us to do a little investigating into the present status of the Red press in America.

It seems that the United States hasn't much of a revolutionary movement at present. All but the most myopic sympathizers (or enemies) agree that the forcible overthrow of our social system is not progressing very rapidly. Five years of economic crisis haven't brought it about, nor fifteen years of revolutionary agitation. At the moment the United States hasn't even much of a revolutionary press, although it is one that may grow.

Print seems to come like second nature to the true revolutionary, and the American variety is no exception. He and his ancestors have been putting ideas down on paper for scores of years and dozens of causes. The tradition dates from Tom Paine and Independence to Garrison, Stowe and Abolition to the present—a long and honorable background. Causes have changed but the method remains the same. The past concerned itself with political revolution, with slavery, religious liberty and free money. The present concerns itself with social and economic revolution. Propaganda is as important an ingredient in the agitation as ever before—and when the cause is finally lost or won, propaganda will be concerned.

The revolution in America today supports about a dozen main propaganda organs. Chief of these is the *"Daily Worker."* It is a genuine, standard size six-page sheet, described on its masthead as "America's only working class daily newspaper." Its circulation is among the largest in the radical field, touching 15,000 daily, and, on special occasions, reaching the 25,000 mark. Distribution is national. Earnest Communists in Seattle peruse it, five days late, as eagerly as their comrades in New York—which in its way is more than the most powerful "capitalist" newspapers can boast.

It has all the features (except the full page advertisements) of its enemies, including sports, a daily column, medical advice, books, theatres and women's page—all of a strictly proletarian nature. The proletarian nature is no light matter. Yale-Harvard may fight out the gridiron battle of the century, but the sports editor will ignore it. His interests lie in far less bourgeois fields. The women's page alternates between sensible advice on cheap cuts and long lectures on, "Woman's Place Under Capitalism." There is no nonsense about fashions, or etiquette, or advice to the amorous here. The daily column follows the "correct party line" at all costs, sometimes amusing, often excruciatingly dull. Medical advice is less political, but not above an occasional crack at the "enemy." Theatre criticism looks at nothing but social content; books the same, for after all, the cultural front can allow none of the arts and sciences to escape.

News is confined to labor and economic interest, always with a revolutionary tone. Strikes make headlines in the *"Daily Worker,"* and not because they are viewed with editorial alarm. News of political prisoners comes next, and the slightest development in the Mooney case is front page matter. Occasionally a scoop is registered, the latest being the revelation of Nazi activities in America through an intercepted letter. Factional struggles, the bane of all radical movements, occupy a large space. Obscure enemies or traitors within the ranks are constantly played up for their misdeeds. Nothing delights the editors more than catching a Socialist rival in some revolutionary blunder. The effect, while doubtless entertaining to initiates, is often confusing and dull to the outsider.

Russia occupies less space than one might expect for the proletarian fatherland. It is doubtless wise that it should, in view of the criticism that Communism in the United States is not a native movement, but a foreign product totally unadaptable to America. News of national and world events featured in ordinary papers is often ignored or skipped over lightly—because it has no revolutionary significance. A constant stream of criticism is kept up on the industrial and labor policies of the government. At the moment the NRA is the chief victim, subject to a running fire of abuse and sarcastic comment. "Blue Buzzard" is one of the mildest nicknames for General Johnson's Eagle. The initials over the bird's left eye become "No Relief Allowed," and similar pleasantries. "We Do Our Part" is tastefully embellished with pictures of armed deputies slugging strikers, police evicting tenement dwellers, and such.

The *"Daily Worker"* makes no pretense at impartiality. It is a revolu-

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tionary organ and nothing else, frankly admitted at every turn. For the genuine Red no such thing as an impartial newspaper exists. Class division occurs in every field, even those with the most sanctified air of objectivity. Until the classless millennium arrives, it will be so. The revolutionary editor, in the meantime, regards it as his duty, as well perhaps as his pleasure, to be partial. And until all the news is communist, all the news that's fit to print will be severely limited.

No one gets paid very much in the Red press. Salaries of twenty or twenty-five dollars a week are the maximum, and the spread between editor and copyboy is narrow. One reason is political, we were told. Revolutionaries do not believe in high salaries. The work, like virtue in an older philosophy, is its own reward. But another reason (perhaps equally compelling) is poverty. Revolution is always conducted on a shoestring, and the propaganda departments have no more than their meagre share. Contrary to the old impression—possibly fading now—no money comes from Russia to support the destructive work in America. Support is entirely native, and comes from sales, subscriptions, and the annual contribution drive. Forty thousand dollars a year must be raised in this way, and annually for months at a time the front page features the appeal. Depression makes it difficult, but the *"Daily Worker"* has survived ten years to date, with five of them in time of crisis.

The revolutionary magazines number something like a dozen—it is difficult to keep steady count of them. They have taken the place of the "little magazines" of a decade ago, and are often of the same ephemeral quality. Starting a magazine has always been one of America's favorite indoor sports. Radicals, like other folks, enjoy it too, and just now they are being heavily reinforced from the young graduate intellectuals who are turning their backs on poetry, aesthetics and the arts for politics. Consequently revolutionary periodicals are known to start up, glare fiercely at the enemy for a few months, and collapse again. The process is not new, and neither should it be discouraging to the sympathizer. Like many other American qualities, it is a biological fact—perhaps even the arrival of the revolution will not seriously alter it.

Oldest and best established among the periodicals is the *"New Masses."* Its history stretches back to the dim mists of the world war, when it was known as the *"Liberator."* Its early career was stormy, for its chosen task was to oppose American participation. Mitchell Palmer marked it for suppression in his notorious censorship campaign, and at one point the editors were tried (and acquitted) in a body under the Sedition Act. During the war and the early post-war period, many brilliant writers and artists worked for it, the best known names including Floyd Dell, Max Eastman (now anathema as a "Trotskyist"), Art Young, the cartoonist, and others who have since achieved distinction.

The old *"Liberator"* (later, *"Masses"*) was a lighter and more entertaining affair than it has become at present. Humor was deliberately cultivated where now it seems as deliberately rejected. Revolution in the earlier days was considerably less of a serious matter apparently, possibly because the atmosphere was more exhilarating, with everyone's hopes high for world wide spread. *"New Masses"* today is more sober. Its articles and stories are more learned, more correctly revolutionary, but they are often less readable. Latest plans for the magazine announce a return to the older form, with less narrowly professional appeal. It is hoped to secure more contributors, and through them to vary the tone from the strictly party line. Since none of the revolutionary magazines pay for contributions, the plan may meet an occasional snag—not because writers are more mercenary than other people, but because they must eat.

Each section of the party has its own organ. The international Labor defense has its *"Labor Defender,"* which has done prominent work on issues like the Scottsboro case. The revolutionary trade unions, set up in opposition to the more conservative organizations, have *"Labor Unity,"* a five cent monthly of strictly trade union interest. Women workers have the *"Working Woman,"* a magazine far removed from the sweetness and optimism of the standard woman's publication. Even the children, we found out, have a periodical, the *"New Pioneer,"* organ of the Communist version of the Boy and Girl Scout movement.

But the revolutionary press, on the whole is decidedly weak in America. It is hampered by lack of money and by small circulation. It has the advantage of legality, unlike most of its European counterpart, but since the whole revolutionary movement is in its infancy here, the press is still elementary. Inadequate printing and poor paper mark the majority of its organs. The quality of the writing is often good. Editorial boards make a sincere effort to secure workers' contributions, and frequently they show genuine simplicity and strength. It is chiefly when the editors get down to a few thousand words of theorizing that the writing becomes dull. It may be necessary, and the leaders doubtless know best, but it is not interesting.

Until the movement grows to much greater strength than it possesses now, the red press does not offer much of a threat to the ruling powers. It is difficult to prophesy its future without suspicion of bias one way or the other, and no one can say what its progress will be. As revolutionists themselves explain, the economic and social environment will control it. Only a crystal gazer, a fanatical Red or a government spokesman will tell you with certainty what that will be.

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Body Snatcher

NEW YORK, UNLIKE LONDON, and many large European cities, has no cemetery set aside for the decent burial of departed household pets. Dog, cat and bird lovers who shrink at turning the deceased over to the street cleaning department must furnish their own burial grounds or have it stuffed—both expensive undertakings One lady, whose faithful spaniel had recently gone the way of all flesh, was faced with the problem. She was not rich enough to possess her own garden, and being of modern tastes, to have Fido with the assistance of a taxidermist, permanently on the mantelpiece did not seem fitting. She appealed to her friends, and one of them, who lived in Brooklyn, had or controlled a bit of garden, where she offered the late spaniel a resting place.

So the lady packed all that was mortal of Fido in a large suitcase (the spaniel was fairly sizable) and set out for Brooklyn on the subway. The lady was middle-aged, the suitcase was heavy. Arrived at the station, she found to her dismay that long

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flights of stairs must be climbed to reach the street and her friend's house. At the first landing she was slightly winded, at the second, breathing hard and wishing she had not been so economical in the matter of taxis. She set the bag down to rest, and as she did so, a well dressed if slightly flashy young man approached, lifted his hat, bowed and asked if he might not carry the bag for her? The lady agreed, thinking pleasantly how the young men in Brooklyn seemed nicer, more courteous than their brothers in Manhattan.

She puffed out her thanks and started up the stairs again with the young man. Nothing more was said, although the lady did think her gentleman set a stiffish pace. Four more flights remained to go. At the second last, the lady was about to ask him to go a little more slowly, had in fact opened her mouth to speak, when suddenly, with a terrific burst of speed, the young man finished the last steps in a run, slammed through a door at the top, and disappeared for ever, together with bag, spaniel, and all.

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A Calf and a Beard

A FATTED CALF will be slain and roasted in the manner prescribed by the sages of Syria when M'Tanos, a swarthy, bearded young man of twenty-eight, returns soon to the home of his parents after fifteen years of adventure and suffering as a slave of a barbarous Arab tribe. This time, however, he will come to the strange and terrifying borough of Brooklyn for the reunion, rather than to the home of his boyhood in Homs, Syria.

Abdo Hilwanay and his wife, Malakie, hearing of the easy riches that abounded in America, came to this country in 1918, leaving their children, M'Tanos and his younger sister, Anna, in the care of their grandmother in Homs. M'Tanos wandered into the desert one day to slay a mighty host of phantom horsemen with his wooden sword and did not return. Weeks later the authorities found the dessicated body of a boy in the desert. The grief-stricken grandmother decided that it was the body of M'Tanos and wrote a letter conveying the sad news to the Hilwanays in Brooklyn.

Despite their grief, the Hilwanays prospered and soon sent for Anna and her grandmother. Anna lost no time

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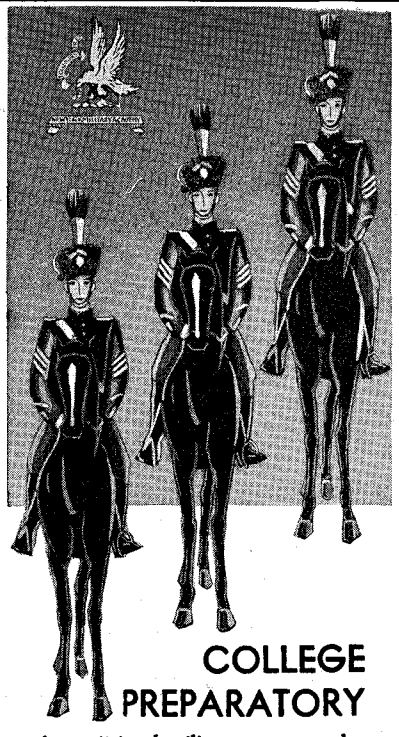

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in telling her parents that M'Tanos still lived, but she admitted that this belief was founded on faith alone. Through the years she prayed daily for the return of her brother and the tale of her faith spread throughout Brooklyn's Little Syria. So, when word came not long ago that a French military expedition had captured many Arabs and released some Syrian slaves, one of whom was the long lost M'Tanos, the neighbors of the Hilwanays were inclined to regard Anna, now a young woman of twenty-five, as something near a saint—the author of a miracle by faith.

Mr. Hilwanay, being a religious man, has been bothering less about acclimating his desert reared son to the complex wonders of Brooklyn than about the customs and beliefs M'Tanos might have adopted while under the yoke of the Arab. He made one thing clear—M'Tanos will have to shave off his beard as soon as he steps down the gang plank. The beard of an Arab is sacred; he swears by it. Mr. Hilwanay believes that if M'Tanos gets rid of his beard he no longer will believe the heresies that he might well have acquired during his long enforced association with Arabs.

●

Politics

EVERYONE KNOWS that grown men often worry quite extravagantly during the welter of political contests about very petty things, but one instance of this in the recent mayoralty campaign in New York City deserves a big blue ribbon.

During the campaign one of the newspapers each day ran a chart of the hour by hour activities of the three major candidates, giving the exact hour they arose in the morning, when they ate breakfast, when and where they made personal appearances, etc. Four or five days in a row there was no mention in the box score of one of the candidates about him taking a shower or bath, while it was recorded daily in the accounts about his opponents that they bathed each morning.

The slighted candidate, who is somewhat sensitive about such things, became nettled by this omission and, we are informed, persuaded an executive in the largest municipal political organization in the world to call the newspaper and put them right on his daily bathing, or maybe it was showering.

Books

(*Continued from page* 55)

of a whole society, with all its complex relationships and its great and small dramas, a magnificent imaginative conception, though in places mechanically carried out; and Sholam Asch's "Three Cities" (Knopf), another novel of the Russian Revolution which dwindles off into sentimentality after a vivid picture of Jewish life.

With a mention of the work of some of the young writers, and of a few novels which are chiefly of interest because of their extraordinary popularity, the list of fiction is almost complete. In the case of the young novelists a distinction can be made between those who, like Marjorie Kinnan Rawlings in "South Moon Under" (Scribner's) and Gladys Hasty Carroll in "As the Earth Turns" (Macmillan), have written with considerable grace of relatively simple environments, and those who have tackled the complexities of modern, industrialized, urban life—James Farrell, Edward Dahlberg, A. E. Fisher, Albert Halper. "Lamb in His Bosom," by Caroline Miller (Harpers) is another first novel that deserves a place with Mrs. Rawlings story of the Florida scrub and Gladys Carroll's story of New England farm life. James Farrell's "Gas-House McGinty" (Vanguard) is a clear-eyed picture of life in an express office, communicating the nagging confusions of office work as they have never been communicated before, but ending so inconclusively as to give the impression that the book is but a fragment of some longer work. The same may be said of Edward Dahlberg's "From Flushing to Calvary" (Harcourt Brace) a story of poverty-deadened lives, chiefly interesting because of the novel language Dahlberg has invented out of the characteristic phrases of common speech. A. E. Fisher's "Requiem" (John Day) is a savage account of a family driven mad by the Depression; Albert Halper's "Union Square" (Viking) is half "Grand Hotel" and half Fourteenth Street. Two out-of-the ordinary novels that must be mentioned, Erskine Caldwell's "God's Little Acre" (Viking) and Nathaneal West's "Miss Lonely Hearts" (Harcourt Brace), are both interesting and uneven; "God's Little Acre," revolving around a family of grotesque Georgians, has a great deal of humor and moments of power,

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though Caldwell seems to be devoting himself almost exclusively to describing lustful doings in the backwoods. "Miss Lonely Hearts" is a nerve-wracking parable concerned with the plight of a thin-skinned newspaperman who conducts a column of advice and takes his job seriously. The novel that should be mentioned for its popularity is, of course, "Anthony Adverse," Hervey Allen's five-pound romance that manages to take in most of the globe. Perhaps a reference should be made to Conrad Aiken's "Great Circle" (Scribners), Edith Wharton's "Human Nature" (Appleton), and Pearl Buck's "The First Wife" (John Day)—they're all samples of the lesser work of writers from whom more might reasonably be asked.

As for the non-fiction, the surest observation that can be made is that Germany has taken the place in political analysis that Russia formerly occupied—though there have been a good many informative works on the Soviets. Early in the year there were several books, including Oswald Garrison Villard's "The German Phoenix" (Smith and Haas) and Edgar Ansel Mowrer's "Germany Puts the Clock Back" (Morrow), from which a hasty reader might have gotten the impression that there was still a deal of life in the German Republic and that the chances of Hitler's coming to power were fairly remote. After Hitler came into power there was another flood of books and pamphlets explaining how it happened and what it is going to mean. In fact, a good-sized library could be built up on the Nazi victory, and it would contain some very good items, particularly John Strachey's "The Fascist Menace" (Covici Friede) and two novels which build up the background: Hans Fallada's "Little Man, What Now?" (Covici Friede) and Theodor Pilivier's "The Kaiser Goes; The Generals Remain" (Macmillan); the first a faintly sentimental picture of what it meant to be unemployed in Germany before Hitler, the second a really brilliant historical novel of the German Revolution of 1918. Hitler's own book, "My Battle" (Houghton Mifflin) should have a place in such a library, if only for the way it exposes, with an unprecedented candor, the intellectual and moral obtuseness of this leader of a modern state. "The Brown Book of the Hitler Terror" (Knopf) serves as an effective answer to it.

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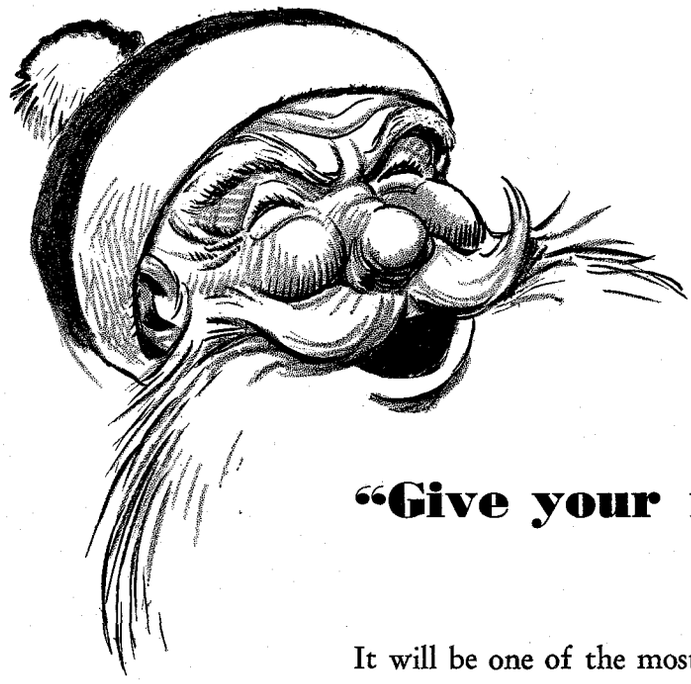

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None of these categories allows for the two books that make the year's list—or any year's list—exceptional—Trotsky's "History of the Russian Revolution" (Simon and Schuster) first of all. However much one may disagree with Trotsky's political beliefs, or however much some of the facts of the "History" may be questioned and argued over, the three volumes must certainly take a place among the modern world's great pieces of writing. The other work, valuable for its clear analysis of the dominant conflicts of the present, is John Strachey's "The Coming Struggle for Power" (Covici Friede).

●

Money War

(*Continued from page* 50)

The advocates have declared that every currency which has wrenched itself loose from a steady relationship with gold has come to grief. Immoderate inflation has been the invariable destiny of paper standards. But their apprehension might be allayed if these persons would reflect that a "managed currency" has never been fairly tried. No country has in times of prosperity, or with calculation, abandoned gold. Hitherto, gold has been abandoned by countries whose treasuries were lean. Harrassed by their inability to defray expenditures, they have printed paper money to meet their obligations. Surely it is a confounding of the facts to assert that these follies are brethren of the managed currency.

In the absence of gold, the external value of a currency may be smashed by politics, business sentiment, the seasonal course of foreign trade, and the machinations of speculators. It is true that under the gold standard, this would never occur. When that system prevails, only slight fluctuations in the value of currencies to each other are possible. Whenever the change is adverse to one currency, its value is maintained by the shipment of gold.

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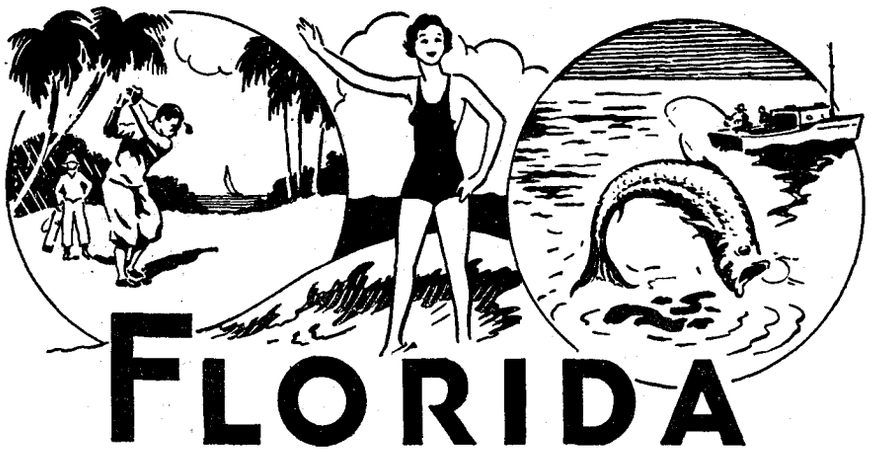

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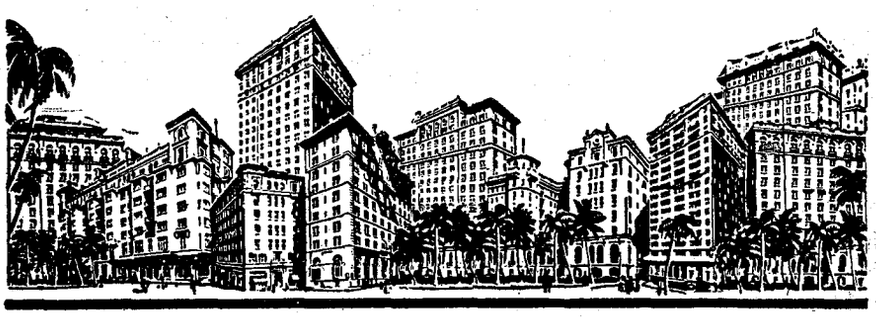

eign exchange. Gold only gives these bills of exchange a fixed value to each other. Though the managed currency renounces the stability of the dollar with other currencies, we must remember that it gains the more significant stability of the dollar in buying goods. To the United States, internal stability is overwhelmingly more important.

The fear that a money war between the nations may be provoked by the American policy is no mere bugaboo. If the United States should depreciate the dollar by operations in foreign exchange, the dollar will become cheaper in terms of other currencies than in terms of goods in the United States. Foreigners will find it advantageous to buy here, while Americans will be deterred from buying abroad. The external value of the dollar will fall. This means that the foreigner will be able to get more dollars for a fixed amount of his currency than he would have obtained before. But prices in the United States would not have increased to the same extent as dollars had fallen. Thus the foreigner will be able to get more dollars for his own currency, and buy nearly the same goods as he could have done when the dollar was dearer. They might also attempt to counteract the American advantage by depreciating their own currency even further. Such a war can only destroy our economic order. The unit by which it measures value would become the instrument of economic warfare. The chaos that would ensue would jolt the countries too severely.

The only remedy that can be used to avert this outcome is coöperation among central banks. The advocates of the gold standard will deride the likelihood of such coöperation. But in sober fact even the gold standard, if it is to operate successfully, will require consultation by central banks. Britain and the United States and other countries must agree among themselves what should be the ratio of one currency to another, and alter it from time to time to suit their necessity. Such coöperation will indubitably tax the statesmanship of the central banking authorities. But as the continuation of our economic order requires that those who administer its affairs should possess such talents, we are driven to ask what in moments of despair we deem in vain—that those who guide our destinies should employ some reason in their momentous business.

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